

BUILDERSMART PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

BuilderSmart Public Company Limited (“the Company”) has its registered address at 905/7, Rama III Soi 51, Rama III Rd., Bang Pong Pang, Yan Nawa, Bangkok. The Company has a branch located at 636/11-12 Moo 3, Puttharaksa Rd, Praksa, Muang, Samutprakarn.

The Company principally engages in the retail sale of construction materials, tools and equipment for construction and interior design. The Company was listed on the Stock Exchange of Thailand on February 14, 2008. The Company’s shares are traded on the mai (Market for Alternative Investment).

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and applicable rules and regulations of the Thai Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

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

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Basis for preparation of the consolidated financial statements

a) The consolidated financial statements, related to the Company and subsidiaries (together referred to as “the Group”).

The Company holds shares at the following percentages as at December 31, 2019 and 2018.

Name of subsidiaries	Country of incorporation	Nature of business	Percentage of shareholding	
			2019	2018
1. Install Direct Company Limited.	Thailand	Sales of construction materials, tools and equipment for construction and interior design.	100.00	100.00
2. D&W (Asia) Limited	Thailand	Sales of doors, windows, architectural systems and services under the brand “Fletcher”	100.00	100.00
3. BuilderSmart Construction Systems Private Limited.	India	Sales of construction materials and after-sale services (Stop operations in the second quarter of year 2015)	99.70	99.70
4. Building Bling Company Limited	Thailand	Sales and installing of aluminium louvre windows	50.99	50.99
5. Sansara Development Company Limited	Thailand	Property development and leasing of the Senior Living Project	100.00	100.00
6. Sansara Lifestyle Service Company Limited	Thailand	Accommodation services for the Senior Living Project*	100.00	100.00
7. Teak Development Limited	Thailand	Real estate business	100.00	100.00

*Not yet operated

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

New financial reporting standards

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

During the year 2019, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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 directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised 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.

(b) Financial reporting standards that became effective for fiscal years beginning on or after January 1, 2020

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade, other receivables and allowance for doubtful accounts

Trade and other receivables are carried at anticipated realizable value. The Group provides a allowance for doubtful accounts from reviewing of the receivables balance. The estimation of allowance for doubtful accounts are based on the percentage of the past uncollectable experiences from customer.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Work-in progress included material and labour.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Cost of real estate development project

Cost of real estate development project are those properties which are held with the intention of development and sale in the ordinary course of business. They are shown at the lower of cost or net realisable value. Cost consists of land cost, expenses directly related to the project (design expense, public utilities expense, construction cost) and borrowing cost on loans funding a development property capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development. Net realisable value being the estimated sale value in the course of normal business less by necessary expenses for such sale.

Impairment of assets

The Group will, at each reporting date, assess whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statements of profit or loss. (An asset's recoverable amount is the higher of fair value less costs to sell or value in use).

Investments

Investments in subsidiaries

The investments in subsidiaries presented in the separate financial statements are carried at cost, net of allowance for impairment (if any.)

Investment in debt securities held to maturity

Investment in debt securities, due within expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to interest income.

Senior Living Project under development

The Senior Living Project under development is stated at cost, consisting of land costs, design and consultant fees, utilities costs, construction costs, and directly related interest and expenses.

The subsidiary develops the senior living residence as follows:

- 1) Villas type which will be leased under a lease agreement - guaranteed refund (operating lease).
- 2) Apartment units type which will be leased under lease agreement - guaranteed refund (operating lease) or under a lease agreement - shared capital gain/loss on the price difference between the original agreement and the new agreement (finance lease).

Costs of Villas which have been completely developed for the purpose of lease under the operating lease agreement will be transferred as Investment Properties.

The cost of Apartment units which have been completely developed and entered into a long-term lease agreement under an operating lease agreement will be transferred as an Investment property.

Cost of Apartment units which have been completely developed and entered into long-term lease agreement under a financial lease agreement, when the majority of the risks and rewards of ownership have been transferred to the tenant will be transferred as Cost of sales.

Costs of the land and club house and common assets upon which service fees are charged separate from the lease agreement will be transferred as property, plant and equipment when completed.

The subsidiary attributed the anticipated total development costs (taking into account actual costs incurred to date) to Villas, Apartment units, club house and common assets, on the basis of area.

Investment properties

Retirement sector investment properties include land and buildings, equipment and furnishings relating to projects development for the active lifestyle and retirement sector, including units and facilities held under development. These units are intended to be held for the long term for capital appreciation. Investment properties are initially measured according to cost transferred from the Senior Living Project under development. Subsequent to initial recognition investment properties are revalued on a regular basis and restated to fair value as determined by an independent registered appraiser. Any change in fair value is taken to profit or loss.

Borrowing costs

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

The interest costs are determined by applying a capitalisation rate to the expenditures on that project. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the year.

Building improvement and equipment

Building improvement and equipment is shown at historical cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation is calculated on the straight line method to write off the cost or the revalued amount of each asset as follows:

	<u>Useful life (years)</u>
Sales gallery building	5
Building improvements	5
Machinery and factory equipment	3, 5
Warehouse equipment	5
Furniture and office equipment	3, 5
Furniture and office equipment for show-unit and sales gallery	5
Motor vehicles	5

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Intangible assets

Intangible assets consist of:

Computer software

The specific computer software licenses is capitalised on the basis of the costs incurred to acquire and bring the software for its intended use. These costs are amortised over their estimated useful lives not over 5 years.

Other intangible assets consist of expenditures for acquiring the following:

	<u>Useful life (years)</u>
Patent and trademark for the sale of aluminum product under the name "ALLOY"	10
Manufacturer certification of Australian standard	3

Other intangible assets are amortised using the straight line method.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, borrowing cost and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

	<u>Useful life (years)</u>
Development expenditure for design of new product	10

Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

Long term leases

Long term leases (lessee)

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

Long-term lease agreements (lessor) - Senior Living Project

(A) Operating lease

A long-term lease agreement - guaranteed refund that does not transfer substantially all the risks and rewards incidental to ownership of an asset, is defined as a operation lease.

The lease fee has received which is equal to the refund amount to lessee are recognised in liability for guarantee refund to lessee, presented in statement of financial position.

(B) Finance lease

A long-term lease agreement - shared capital gain/loss on the price difference between the original agreement and the new agreement that transfers substantially all the risks and rewards incidental to ownership of an asset, is defined as a finance lease.

A lump sum lease fee received is recognised as revenue on a revenue from real estate development leased at the commencement of the lease term.

Revenue and expenses recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax of goods supplied after deducting discounts, allowances and price promotions to customers.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Revenue from real estate development

The subsidiary, as the lessor, recognised revenue from real estate development leased under a long-term financial lease agreements at the commencement of the lease term.

Sales of the residential condominium are recognised as revenue when control of residential condominium has been transferred to the buyer, whereby the ownership has been transferred to the buyer after all payments received from the buyer.

Cost from real estate development

In calculating cost of sales for residential condominium units, the subsidiary appropriates all estimate development costs (based on actual costs) according to salable areas.

Selling expenses directly related to sales, such as specific business tax, transfer fee are recognised when sale incurred.

Interest income and other income

Interest income and other income are recognised on an accrual basis.

Expenses

Expense is recognised in profit or loss on accrual basis.

Income tax expense

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to common shareholders by the weighted average number of ordinary shares during the year.

Diluted earnings per share are calculated by dividing the profit for the year by the number of weighted average ordinary shares held by outsiders during the year plus the weighted average number of ordinary shares which have to be issued for the conversion of all the dilutive potential ordinary shares to be common stocks as no such adjustment is made to the profit for the year.

Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Group and the Company that gives them significant influence over the Group and the Company, key management personnel, directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

Foreign currencies

Functional and presentation currency

The financial statements of each entity within the Group are presented in the functional currency which is the currency of the primary economic environment in which the entity operates. The financial statements of the Group are presented in the presentation currency as Thai Baht in accordance with the regulatory requirements in Thailand. The functional currencies of the Company and subsidiaries, is Thai Baht except for BuilderSmart Construction Systems Private Limited., is Indian Rupee.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the functional currency using the exchange rate at the end of reporting period date. Gain or loss on translating is recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the end of reporting period date are translating into the functional currency using the exchange rate at the date of transaction.

Translation of the Group's financial statements

The financial statements of the Group are translated into the presentation currency using the following exchange rate:

- The Group's assets and liabilities are translated at the closing rate as at the end of reporting period date.
- The Group's revenues and expenses are translated at the average exchange rates during the periods which are approximate the exchange rates at the dates of transactions.
- Share capital is translated at historical rates.

Exchange differences on translating financial information are recognised in the other comprehensive income (loss) and presented in the exchange differences as a separate component of shareholders' equity until the disposal of the foreign operation.

Employee benefits

Short-term benefits

The Group recognises salaries, wages, bonuses and social security contribution as expenses on an accrual basis.

Post-employment benefits

Defined contribution plans

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

Defined benefit plan

The employee benefit obligations in relation to severance payment pursuant to the labor law and other defined benefits are recognised as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Group recognises actuarial gains or losses in other comprehensive income in the period in which they arise.

Fair value measurement

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

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

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

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

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

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

Significant accounting judgements and estimates

Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

Impairment of investments

Management assesses the impairment of investments in subsidiary companies by considering the operating results and the future business plan of the subsidiaries. Such consideration is based on management's judgement.

Allowances for impairment of assets

The Group considers an asset as impaired when there is an indication that the asset may be impaired. If any such indication exists when there has been a significant decline in the fair value, the Group makes an estimate of the asset recoverable amount. The determination of the recoverable amount requires judgement. An impairment loss is recognised as an expense in the statement of profit or loss.

Estimation of real estate development costs and senior living project under development

In calculating cost of sales for residential condominium units as real estate development costs and costs of villas include cost of apartment units which have been completely developed for investment properties, the subsidiaries have to estimate all project development costs, comprising land cost, project design cost, construction cost, utility cost, capitalization of interest and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Fair value measurement of investment property

The subsidiary present investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the market comparison approach by referring to the observable information and adjust market prices to the fair value of the investment properties of the subsidiary, taking into account differences in characteristics, size and environment, to comparative properties.

Building improvement, equipment and intangible assets

In determining depreciation of building improvement, equipment and intangible asset, the management is required to make estimates of the useful lives and residual values of the equipment and intangible asset and to review estimated useful lives and residual values when there are any changes.

Leases

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

Post-employment benefits under defined benefit plans

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

4. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices or at a price that is based on commercial terms and at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

4.1 Related parties consist of:

Name	Relationship	Country
<u>Subsidiaries</u>		
Install Direct Company Limited	100% shareholding by the Company	Thailand
BuilderSmart Construction Systems Private Limited	99.70% shareholding by the Company	India
D&W (Asia) Limited	100% shareholding by the Company	Thailand
Building Bling Company Limited	50.99% shareholding by the Company	Thailand
Sansara Development Company Limited	100% shareholding by the Company	Thailand
Sansara Lifestyle Service Company Limited	100% shareholding by the Company	Thailand
Teak Development Limited	100% shareholding by the Company	Thailand
<u>Related parties</u>		
Ruamchokchai Engineering Company Limited	Co-directors	Thailand
LKH Development Company Limited	Co-directors	Thailand
LKH Trading Company Limited	Co-directors	Thailand
Directors/Key management personnel	The persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity (whether executive or otherwise).	
Sobreuk (Group of persons)	Owned by close relative of director	Thailand

4.2 Significant transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

	Unit: Baht				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2019	2018	2019	2018	
Subsidiaries					
Revenues from sales and services	-	-	1,909,475.19	387,021.80	Cost plus margin
Cost of sales and services	-	-	93,762.00	5,485,387.90	Cost plus margin / carrying amount
Rental income	-	-	381,300.00	610,800.00	Carried out on commercial terms and conditions
Interest income	-	-	21,806,719.78	6,342,525.69	Interest rate of 2.8% - 7.7% per annum according to the loan agreement
Other income	-	-	15,421,464.89	2,596,612.50	Cost / Cost plus margin
Finance costs	-	-	55,860.01	24,180.48	Interest rate of 2.8% per annum according to the loan agreement
Related parties					
Revenues from sales and services					
Ruamchokchai Engineering Company Limited	25,038,706.97	4,118,684.70	24,249,665.97	4,118,684.70	Cost plus margin
Cost of real estate development project					
Ruamchokchai Engineering Company Limited	126,404,166.40	40,668,892.16	-	-	Contract price
Cost of a Senior Living Project					
Ruamchokchai Engineering Company Limited	133,790,538.00	51,704,592.16	-	-	Contract price
Interest income					
LKH Development Company Limited	440,730.06	-	-	-	Interest rate of 6.0% per annum according to the loan agreement
Rental expenses					
LKH Trading Company Limited	192,600.00	176,550.00	-	-	Contract price
Sobreuk (Group of persons)	3,723,072.78	3,586,950.00	3,723,072.78	3,586,950.00	Contract price
Related person - Director	2,894,437.84	634,210.53	-	-	Contract price

4.3 Significant balances between the Company and those related companies as at December 31, 2019 and 2018 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade and other current receivables				
Trade receivables				
Subsidiaries	-	-	6,026,031.36	629,920.31
Related company				
Ruamchokchai Engineering Company Limited	20,181,726.71	2,968,617.11	20,181,726.71	2,968,617.11
Total trade receivables	20,181,726.71	2,968,617.11	26,207,758.07	3,598,537.42
Other current receivables				
Other receivable				
Subsidiaries	-	-	15,464,129.07	2,271,460.31
Related company				
Ruamchokchai Engineering Company Limited	58,177.05	-	-	-
LKH Development Company Limited (Notes 4.4)	1,489,790.60	29,970,398.38	-	-
Total	1,547,967.65	29,970,398.38	15,464,129.07	2,271,460.31
Advances to related parties - net				
Subsidiaries	-	-	4,127,444.92	3,795,775.34
<u>Less</u> Allowance for doubtful accounts	-	-	(3,442,258.93)	(3,442,258.93)
Total	-	-	685,185.99	353,516.41
Accrued interest income				
Subsidiaries	-	-	23,980,703.84	4,431,921.05
Related company				
LKH Development Company Limited (Notes 4.4)	92,061.27	-	-	-
Total	92,061.27	-	23,980,703.84	4,431,921.05
Total other current receivables	1,640,028.92	29,970,398.38	40,130,018.90	7,056,897.77
Total trade and other current receivables	21,821,755.63	32,939,015.49	66,337,776.97	10,655,435.19
Short-term loans - net				
Subsidiaries	-	-	478,560,740.59	208,660,740.59
Related company				
LKH Development Company Limited (Notes 4.4)	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	(60,740.59)	(60,740.59)
Total short-term loans - net	-	-	478,500,000.00	208,600,000.00

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other current assets				
Related company				
Retentions receivable				
Ruamchokchai Engineering Company Limited	220,123.82	65,902.45	220,123.82	65,902.45
Deposit for construction cost				
Ruamchokchai Engineering Company Limited	23,181,817.85	15,955,520.42	-	-
Total other current assets	23,401,941.67	16,021,422.87	220,123.82	65,902.45
Trade and other current payables				
Trade payables				
Related company				
Ruamchokchai Engineering Company Limited	7,342,092.44	14,284,595.43	-	-
Total trade payable	7,342,092.44	14,284,595.43	-	-
Other current payables				
Advances from related parties				
Related persons - Directors	213,354.39	327,723.12	15,000.00	29,673.00
Total	213,354.39	327,723.12	15,000.00	29,673.00
Other payable				
Related company				
LKH Development Company Limited	56,670.00	56,670.00	-	-
Related persons - Directors	-	85,659.50	-	-
Total	56,670.00	142,329.50	-	-
Accrued interest expenses				
Subsidiary	-	-	4,744.27	9,335.50
Related persons - Directors	305,095.89	-	305,095.89	-
Total	305,095.89	-	309,840.16	9,335.50
Reservation fee for lease				
Related persons - Directors	-	6,100,000.00	-	-
Total	-	6,100,000.00	-	-
Total other current payables	575,120.28	6,570,052.62	324,840.16	39,008.50
Total trade and other current payables	7,917,212.72	20,854,648.05	324,840.16	39,008.50
Short-term loans to				
Subsidiary	-	-	1,995,000.00	1,995,000.00
Related person - Director	10,000,000.00	-	10,000,000.00	-
Total short-term loans - net	10,000,000.00	-	11,995,000.00	1,995,000.00

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Contract liabilities - Customer deposit for purchases of inventory				
Subsidiary	-	-	-	293,700.00
Total contract liabilities	-	-	-	293,700.00
Retention payable				
Related company				
Ruamchokchai Engineering Company Limited	16,271,813.64	4,107,642.16	-	-
Total retention payable	16,271,813.64	4,107,642.16	-	-
Liability for guarantee refund to lessee				
Related persons - Directors	32,240,000.00	9,552,900.00	-	-
Total liability for guarantee refund to lessee	32,240,000.00	9,552,900.00	-	-

During the year 2019, the related party, who is a close relative of the director, entered into two lease agreements - guaranteed refund for two residential villas (a lease agreement is jointly made with third party), in the amount of Baht 32.24 million and also paid reservation fees, in the amount of Baht 9.56 million, for the lease of an apartment unit at the Senior Living Project, totaling Baht 41.80 million. This amount is presented as the “Liability for guarantee refund to lessee” account in the statement of financial position.

During the year 2018, the subsidiary, Teak Development Limited, paid advance payment in the amount of Baht 25.00 million for a land purchase according to the sales and purchase agreement under the name of subsidiary’s director. This payment is presented as “prepaid for land purchase” account under other current assets. Subsequently, the subsidiary paid the remaining amount of land purchase price and transferred the land title under the name of the subsidiary on October 5, 2018. The management of the subsidiary developed such land for the “The Teak Ratchada” project.

- 4.4 During the year ended December 31, 2019, movements of short-term loans to related parties - net were as follows:

Unit: Baht					
	Consolidated financial statements				
	As at	Movement during the year			As at
	January 1, 2019	Convert	Increase	Decrease	December 31, 2019
Short-term loans to related company					
Related company					
LKH Development Company Limited	-	20,263,987.93	109,141.00	(20,373,128.93)	-
Total	-				-

A subsidiary, Teak Development Limited, has not yet received, from LKH Development Company Limited (“the Seller”), deposits and advances for purchases of condominium units in “The Teak Sukhumvit 39” project, for 38 condominium units, in the amount of Baht 20.26 million since the rights and obligations under the sales and purchase agreements are being novated to the subsidiary. However, such deposits and advances received were recorded as “Other receivables - LKH Development Company Limited” and “Deposits and advances received for the purchase of condominium units”.

On May 13, 2019, such subsidiary entered into a loan agreement with LKH Development Company Limited to convert the balance of the deposits and advances received for the purchase of condominium units, recorded as “Other receivables - LKH Development Company Limited” as at March 1, 2019, in the amount of Baht 20,263,987.93, to “Short-term loan from related party”. This loan bears interest at the rate of 6.0% per annum and is due within August 2019.

Subsequently, the subsidiary converted the deposits and advances, for purchases of condominium units from the customer, who continued to make installment payments for the purchase through the Seller’s account from March 1, 2019 to June 30, 2019, by way of an annex to the agreement. The terms of the additional loans are the same as specified in the loan agreement.

As at December 31, 2019, the subsidiary has received the payment of such loan in the entire amount.

	Unit: Baht			
	Separate financial statement			
	As at	Movement during the year		As at
	January 1, 2019	Increase	Decrease	December 31, 2019
Short-term loans to related parties - net				
Subsidiaries				
Sansara Development Limited	116,000,000.00	253,500,000.00	(32,000,000.00)	337,500,000.00
Building Bling Limited	60,740.59	-	-	60,740.59
Teak Development Limited	92,600,000.00	67,400,000.00	(19,000,000.00)	141,000,000.00
Total	208,660,740.59	320,900,000.00	(51,000,000.00)	478,560,740.59
<u>Less</u> Allowance for doubtful accounts	(60,740.59)	-	-	(60,740.59)
Net	208,600,000.00			478,500,000.00

As at December 31, 2019, short-term loans to its subsidiary company, Sansara Development Limited, in term of loan agreement for the purpose of development and construction of a Senior Living Project bear interest at the rate of 4.25% - 7.7% per annum and is due at call.

As at December 31, 2019, a short-term loan to its subsidiary company, Building Bling Limited, in term of loan agreement for the purpose for development of louvre system with Louvre Systems Ltd bears interest at the rate of 6.25% per annum and is due at call.

As at December 31, 2019, a short-term loan to its subsidiary company, Teak Development Limited, in term of loan agreement for the purpose for support operations of Teak Development Limited bears interest at the rate of 4.5% - 7.7% per annum and is due at call.

4.5 During the year ended December 31, 2019, movements of short-term loan from related party were as follows:

Unit: Baht				
Consolidated financial statements				
	As at	Movement during the year		As at
	January 1, 2019	Increase	Decrease	December 31, 2019
Short-term loan				
Related person - Director	-	10,000,000.00	-	10,000,000.00
Total	-			10,000,000.00

Unit: Baht				
Separate financial statements				
	As at	Movement during the year		As at
	January 1, 2019	Increase	Decrease	December 31, 2019
Short-term loan				
Install Direct Company Limited	1,995,000.00	-	-	1,995,000.00
Related person - Director	-	10,000,000.00	-	10,000,000.00
Total	1,995,000.00			11,995,000.00

As at December 31, 2019, a short-term loan from director, in term of short-term debentures with debenture holders' representatives in the amount of Baht 10.00 million that are name-registered certificates, unsubordinated, unsecured and due on a bullet payment. The maturity date of such debentures is March 31, 2020.

As at December 31, 2019, a short-term loan from Install Direct Company Limited, in term of loan agreement for the purpose for its working capital bears interest at the rate of 2.8% per annum and is due at call.

4.6 Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2019 and 2018 consisted of:

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term benefits	41,201,417.26	38,169,493.33	30,319,968.26	28,209,891.33
Post-employment benefits	2,077,119.14	1,952,013.48	1,554,120.15	1,444,500.65
Total key management personnel compensation	43,278,536.40	40,121,506.81	31,874,088.41	29,654,391.98

Compensation paid to the Management of a subsidiary, Sansara Development Limited by the Company for the year ended December 31, 2019 and 2018 are Baht 8.31 million and Baht 8.09 million, respectively. The Company agreed not to charge them back to such subsidiary.

4.7 Commitments and contingent liabilities

Operating leases

As at December 31, 2019, the Group entered into a long-term lease of land, buildings and vehicle with related parties for periods of 1 year to 5 years. The future minimum lease payments are summarised as follows:

Year	Unit: Baht
Within 1 year	3,566,030.00
Over 1 year but not over 5 years	363,330.00

As at December 31, 2019, the subsidiary entered into lease agreements with a related party to lease back villas for use as project model-showroom units for periods of 1 year to 3 years. The future minimum lease payments (Note 13) are summarised as follows:

Year	Unit: Baht
Within 1 year	1,918,059.03
Over 1 year but not over 3 years	-

Capital expenditure

As at December 31, 2019, the Group has construction contract with a related party. The Group has commitments under these contracts totaling amount of Baht 43.66 million.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 and 2018 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash on hand	297,000.00	319,107.04	77,000.00	99,101.00
Cash at banks - saving accounts	26,789,184.24	128,079,684.21	16,746,541.34	97,138,974.91
Cash at banks - current accounts	10,551,641.43	1,864,594.57	5,487,181.50	1,317,863.23
High liquidity short-term investments	1,500,000.00	61,297,743.00	-	61,297,743.00
Total	39,137,825.67	191,561,128.82	22,310,722.84	159,853,682.14

6. TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables - net as at December 31, 2019 and 2018 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables				
Trade receivables - other parties	93,494,312.85	102,230,131.49	66,727,336.28	83,024,944.71

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables - related parties	20,181,726.71	2,968,617.11	26,207,758.07	3,598,537.42
<u>Less</u> Allowance for doubtful accounts	(14,489,479.42)	(13,558,180.92)	(10,044,968.14)	(9,303,669.64)
Total trade receivables - net	99,186,560.14	91,640,567.68	82,890,126.21	77,319,812.49
Other receivables				
Other receivables - related parties	1,547,967.65	29,970,398.38	15,464,129.07	2,271,460.31
Advances to related parties	-	-	4,127,444.92	3,795,775.34
Accrued interest income - related parties	92,061.27	-	23,980,703.84	4,431,921.05
Contract assets	123,121.50	2,879,076.39	-	-
Prepaid commission expenses	11,801,894.16	4,270,457.84	-	-
Prepaid expenses	3,544,015.67	2,214,458.66	926,953.79	831,906.88
Revenue Department receivable	8,582,450.53	8,383,216.12	356,697.40	264,520.95
Others	1,009,007.63	349,641.20	282,083.34	304,641.20
<u>Less</u> Allowance for doubtful accounts	-	-	(3,442,258.93)	(3,442,258.93)
Total other receivables - net	26,700,518.41	48,067,248.59	41,695,753.43	8,457,966.80
Total trade and other receivables - net	125,887,078.55	139,707,816.27	124,585,879.64	85,777,779.29

As at December 31, 2019 and 2018, aging of trade receivables were as follows:

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables - other parties				
Within credit term	48,069,721.58	58,567,959.85	43,011,735.56	56,002,908.08
Over credit term				
Up to 3 months	17,474,243.56	21,186,266.59	12,795,298.75	15,788,097.25
3 - 6 months	6,952,225.46	3,614,164.98	337,130.69	669,215.69
6 - 12 months	128,975.63	3,579,512.93	-	671,237.25
Over 12 months	20,869,146.62	15,282,227.14	10,583,171.28	9,893,486.44
Total trade receivables - other parties	93,494,312.85	102,230,131.49	66,727,336.28	83,024,944.71
<u>Less</u> Allowance for doubtful accounts	(14,489,479.42)	(13,558,180.92)	(10,044,968.14)	(9,303,669.64)
Total trade receivables - other parties - net	79,004,833.43	88,671,950.57	56,682,368.14	73,721,275.07

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade receivables - related parties				
Within credit term	10,483,144.50	2,702,732.81	14,285,088.01	3,322,498.81
Over credit term				
Up to 3 months	9,698,582.21	265,884.30	9,931,983.74	265,884.30
3 - 6 months	-	-	986,336.42	10,154.31
6 - 12 months	-	-	994,195.59	-
Over 12 months	-	-	10,154.31	-
Total trade receivables - related parties	20,181,726.71	2,968,617.11	26,207,758.07	3,598,537.42
Total trade receivables - net	99,186,560.14	91,640,567.68	82,890,126.21	77,319,812.49

7. INVENTORIES - NET

Inventories - net as at December 31, 2019 and 2018 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Finished goods	63,992,015.78	65,569,486.52	63,992,015.78	65,569,486.52
Raw materials	28,440,045.99	21,246,829.14	-	-
Work-in-progress	7,347,968.27	12,120,843.49	1,195,498.45	1,442,633.17
Goods in transit	3,579,276.93	-	3,579,276.93	-
<u>Less</u> Allowance for obsolete inventory	(5,517,137.69)	(5,517,137.69)	(3,393,676.37)	(3,393,676.37)
Net	97,842,169.28	93,420,021.46	65,373,114.79	63,618,443.32

8. REAL ESTATE DEVELOPMENT COSTS

Real estate development costs as at December 31, 2019 and 2018 are as follows:

	Unit: Baht	
	Consolidated financial statements	
	2019	2018
Land	563,217,958.25	463,448,600.00
Project Consultant	12,489,155.91	6,895,724.14
Construction	147,716,052.15	95,723,285.16
Capitalization of interest	34,662,936.70	10,042,794.81
Total	758,086,103.01	576,110,404.11

As at December 31, 2019, five projects, “The Teak Sathorn - Lumpini” project, "The Teak Ratchada" project, "The Teak Ari" project, "The Teak Sathorn - Nanglinchee" project and “Grandis Kingkeaw” project, are in the process of construction.

For the year ended December 31, 2019, interest expenses of loans for the construction of the Projects, in the amount of Baht 24.62 million, have been capitalised as part of the cost of real estate development project.

As at December 31, 2019, the subsidiary mortgaged the land and any structures thereon of the five projects with two bank as collateral for financial support credit facilities, for the operation of the projects in the amount of Baht 682.75 million.

9. RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTIONS

As at December 31, 2019, the Group held time deposits and saving with two commercial banks in the total amount of Baht 51.43 million (December 31, 2018: Baht 36.50 million). The deposits were pledged as collateral short-term trade financing facilities (Note 32.3).

10. INVESTMENTS IN SUBSIDIARIES - NET

The details of investments in subsidiaries presented in the separate financial statements as at December 31, 2019 and 2018 consisted of:

Company	Issued and paid-up capital		Shareholding proportion (%)		Unit: Thousand Baht	
	Unit: Thousands Baht	Unit: Thousands Rupee	2019	2018	At cost	
					2019	2018
Install Direct Company Limited	10,000.00	-	100.00	100.00	9,999.70	9,999.70
BuilderSmart Construction Systems Private Limited	-	1,000.00	99.70	99.70	683.80	683.80
D&W (Asia) Limited	60,000.00	-	100.00	100.00	59,999.70	59,999.70
Building Bling Limited	500.00	-	50.99	50.99	254.95	254.95
Sansara Development Company Limited	150,000.00	-	100.00	100.00	149,999.98	149,999.98
Sansara Lifestyle Service Company Limited	500.00	-	100.00	100.00	499.98	499.98
Teak Development Limited	150,000.00	-	100.00	100.00	149,999.50	149,999.50
Total					371,437.61	371,437.61
<u>Less</u> Allowance for impairment loss of investments					(3,668.31)	(3,668.31)
Net					367,769.30	367,769.30

11. INVESTMENT IN DEBT SECURITIES HELD TO MATURITY - NET

Movements of the investment in debt securities held to maturity - net account during the year ended December 31, 2019 is summarised below:

	Unit: Baht
	Consolidated and separate financial statements
Net book value as at January 1, 2019	11,051,338.66
Acquisition	-
Accumulated amortization	(140,551.38)
Net book value as at December 31, 2019	10,910,787.28

Such investment is investment in government bond with par value of Baht 10.00 million. The maturity date is on December 12, 2025 and interest will be received by twice per year at an interest rate of 3.85%.

As at December 31, 2019, the government bond were pledged as collateral short-term trade financing facilities (Note 32.3).

12. SENIOR LIVING PROJECT UNDER DEVELOPMENT

Movements of the senior living project under development account during the year ended December 31, 2019 is summarised below:

Unit: Baht						
Consolidated financial statement						
	Project			Utility	Capitalization	
	Land	Consultant	Construction	expenses	of interest	Total
Project cost as at January 1, 2019	71,083,439.65	41,757,195.77	52,930,168.06	11,526,127.88	3,602,694.94	180,899,626.30
Acquisition	20,765,935.75	17,901,426.03	226,281,617.91	60,536,951.42	5,225,498.06	330,711,429.17
Total	91,849,375.40	59,658,621.80	279,211,785.97	72,063,079.30	8,828,193.00	511,611,055.47
Transfer to investment properties	(4,398,490.98)	(677,900.66)	(27,829,929.44)	-	(1,101,568.82)	(34,007,889.90)
Transfer to cost of sales	(852,909.96)	(3,808,649.25)	(25,390,540.71)	-	(1,129,182.30)	(31,181,282.22)
Project cost as at December 31, 2019	86,597,974.46	55,172,071.89	225,991,315.82	72,063,079.30	6,597,441.88	446,421,883.35

For the year ended December 31, 2019, interest expenses of loans for the construction of the Senior Living Project, in the amount of Baht 5.24 million, have been capitalised as part of the cost of the Senior Living Project under development.

As at December 31, 2019, the subsidiary mortgaged land upon which five villas and all their associated structures are situated, within the Senior Living Project, with a bank as collateral for credit facilities in the amount of Baht 104.25 million used for project operations.

13. INVESTMENT PROPERTIES - NET

Movements of the investment properties - net account for the year ended December 31, 2019 is summarised below:

Unit: Baht	
Consolidated financial statement	
Senior Living Project - Villas	
As at January 1, 2019	188,707,800.00
Transfer from Senior Living Project under development	34,007,889.90
Gain on fair value adjustment (Level 2)	10,528,510.10
As at December 31, 2019	233,244,200.00
Cost	146,044,917.09
Accumulated gain on fair value adjustment	87,199,282.91
Fair value - net	233,244,200.00

The fair values of investment properties - net of the subsidiary, were assessed by the independent appraiser, Fast and Fair Valuation Co., Ltd., according to the appraisal report dated as at February 18, 2019, and Ktac Appraisal And Service Co., Ltd., according to the appraisal report dated as at September 24, 2019. The appraisal values, determined according to the Market Comparison Approach, are categorised as Fair Value - Level 2 based on the inputs to the valuation technique used.

As at December 31, 2019, the subsidiary entered into lease agreements - guaranteed refund for three villas, equal to 27% of all completed villa units. Said villas are recognised as investment properties. Their lease amounts total Baht 65.39 million.

As at December 31, 2019, the subsidiary entered into a lease agreement with a third party, and into another two lease agreements with a related party, who is a close relative of the director, both of which are for residential villas (a lease agreement is jointly made with third party) (Note 4.6). However, the subsidiary has entered into lease agreements to lease back those villas from the lessees for a 3-year period for use as project model showroom-units. The quarterly lease back fee is Baht 1,162,238.

14. BUILDING IMPROVEMENT AND EQUIPMENT - NET

Movements of the building improvement and equipment - net account for the year ended December 31, 2019 is summarised below:

Unit: Baht				
Consolidated financial statements				
	As at	Movement during the year		As at
	January 1, 2019	Increase/transfer in	Decrease/transfer out	December 31, 2019
Cost:				
Sales gallery building	8,843,806.91	-	-	8,843,806.91
Building improvements	26,394,633.42	2,805,189.86	(1,409,854.32)	27,789,968.96
Machinery and factory equipment	16,714,172.16	2,539,399.62	(1,150,000.00)	18,103,571.78
Warehouse equipment	6,840,188.21	-	(1,247,011.41)	5,593,176.80
Furniture and office equipment	23,406,583.09	7,904,789.62	(7,749,445.68)	23,561,927.03
Furniture and office equipment for show-unit and sales gallery	3,864,543.30	-	-	3,864,543.30
Motor vehicles	21,935,661.77	7,576,742.05	(435,461.00)	29,076,942.82
Construction in progress	1,053,584.00	11,839,746.76	-	12,893,330.76
Total cost	109,053,172.86	32,665,867.91	(11,991,772.41)	129,727,268.36
Accumulated depreciation:				
Sales gallery building	2,689,486.49	1,768,761.38	-	4,458,247.87
Building improvements	21,797,468.22	1,826,542.59	(1,409,850.32)	22,214,160.49
Machinery and factory equipment	15,207,742.19	1,053,593.16	(1,149,993.00)	15,111,342.35

Unit: Baht				
Consolidated financial statements				
	As at	Movement during the year		As at
	January 1, 2019	Increase/transfer in	Decrease/transfer out	December 31, 2019
Warehouse equipment	5,714,446.84	333,842.39	(1,246,985.41)	4,801,303.82
Furniture and office equipment	17,476,070.52	2,820,593.21	(7,697,374.77)	12,599,288.96
Furniture and office equipment for show-unit and sales gallery	1,155,907.95	778,466.02	-	1,934,373.97
Motor vehicles	15,709,444.74	3,382,475.51	(435,456.00)	18,656,464.25
Total accumulated depreciation	79,750,566.95	11,964,274.26	(11,939,659.50)	79,775,181.71
<u>Less</u> Allowance for impairment	(401,384.00)			(401,384.00)
Net	28,901,221.91			49,550,702.65

Unit: Baht				
Separate financial statement				
	As at	Movement during the year		As at
	January 1, 2019	Increase/transfer in	Decrease/transfer out	December 31, 2019
Cost:				
Building improvements	22,442,206.06	2,805,189.86	(1,409,854.32)	23,837,541.60
Machinery and factory equipment	6,504,500.00	-	(1,150,000.00)	5,354,500.00
Warehouse equipment	6,642,916.98	-	(1,247,011.41)	5,395,905.57
Furniture and office equipment	18,571,650.80	2,736,027.04	(7,749,445.68)	13,558,232.16
Motor vehicles	19,001,119.71	4,500,531.77	(435,461.00)	23,066,190.48
Construction in progress	401,384.00	1,594,404.95	-	1,995,788.95
Total cost	73,563,777.55	11,636,153.62	(11,991,772.41)	73,208,158.76
Accumulated depreciation:				
Building improvements	18,742,779.48	1,460,064.44	(1,409,850.32)	18,792,993.60
Machinery and factory equipment	6,504,246.00	-	(1,149,993.00)	5,354,253.00
Warehouse equipment	5,535,461.54	333,842.39	(1,246,985.41)	4,622,318.52
Furniture and office equipment	15,453,763.36	1,465,143.76	(7,697,374.77)	9,221,532.35
Motor vehicles	14,069,500.25	2,273,047.27	(435,456.00)	15,907,091.52
Total accumulated depreciation	60,305,750.63	5,532,097.86	(11,939,659.50)	53,898,188.99
<u>Less</u> Allowance for impairment	(401,384.00)			(401,384.00)
Net	12,856,642.92			18,908,585.77

Depreciations for the years ended December 31, 2019 and 2018, have been charged to profit or loss of consolidated financial statements amounting to Baht 11.96 million and Baht 10.53 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 5.53 million and Baht 4.81 million, respectively.

The gross carrying amount of fully depreciated assets of the Group that were still in use as at December 31, 2019 amounted to Baht 51.33 million (December 31, 2018: Baht 55.93 million).

As at December 31, 2019, the Group has vehicles under finance lease agreements with a net book value of Baht 5.57 million. (December 31, 2018: Baht 5.50 million).

15. INTANGIBLE ASSET - NET

Movements of the intangible asset - net account for the year ended December 31, 2019 is summarised below:

Unit: Baht				
Consolidated financial statements				
	As at	Movement during the year		As at
	January 1, 2019	Increase/transfer in	Decrease/transfer out	December 31, 2019
Cost:				
Computer software	7,337,767.33	11,785,324.16	(949,811.95)	18,173,279.54
Patent and trademark	1,500,000.00	-	-	1,500,000.00
Development expenditure for design of new products	4,775,865.19	242,000.00	(2,312,080.30)	2,705,784.89
Work-in-progress computer software	9,215,633.11	5,573,368.96	(11,216,303.13)	3,572,698.94
Total cost	22,829,265.63	17,600,693.12	(14,478,195.38)	25,951,763.37
Accumulated amortization:				
Computer software	5,105,304.91	968,111.20	(930,780.61)	5,142,635.50
Patent and trademark	1,499,995.00	-	-	1,499,995.00
Development expenditure for design of new products	892,762.33	484,139.81	(747,636.10)	629,266.04
Total accumulated amortization	7,498,062.24	1,452,251.01	(1,678,416.71)	7,271,896.54
Net	15,331,203.39			18,679,866.83

Unit: Baht				
Separate financial statements				
	As at	Movement during the year		As at
	January 1, 2019	Increase/transfer in	Decrease/transfer out	December 31, 2019
Cost:				
Computer software	6,079,684.36	11,400,803.13	(949,811.95)	16,530,675.54
Patent and trademark	1,500,000.00	-	-	1,500,000.00
Development expenditure for design of new products	993,000.00	222,000.00	-	1,215,000.00
Work-in-progress computer software	6,823,492.33	4,692,810.80	(11,216,303.13)	300,000.00
Total cost	15,396,176.69	16,315,613.93	(12,166,115.08)	19,545,675.54

	Unit: Baht			
	Separate financial statements			
	As at	Movement during the year		As at
	January 1, 2019	Increase/transfer in	Decrease/transfer out	December 31, 2019
Accumulated amortization:				
Computer software	4,336,965.55	774,498.91	(930,780.61)	4,180,683.85
Patent and trademark	1,499,995.00	-	-	1,499,995.00
Development expenditure for design of new products	91,153.71	105,348.69	-	196,502.40
Total accumulated amortization	5,928,114.26	879,847.60	(930,780.61)	5,877,181.25
Net	9,468,062.43			13,668,494.29

Amortization for the years ended December 31, 2019 and 2018, have been charged to profit or loss of consolidated financial statements amounting to Baht 1.45 million and Baht 1.47 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 0.88 million and Baht 0.67 million, respectively.

The gross carrying amount of fully amortization intangible assets of the Group that were still in use as at December 31, 2019 amounted to Baht 4.56 million (December 31, 2018: Baht 4.82 million).

16. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, 2019 and 2018 comprised:

	Interest rate (%)		Unit: Baht	
	As at	As at	Consolidated financial statements	
	December 31, 2019	December 31, 2018	2019	2018
Bank overdrafts	MMR-1.25, F/D Rate+2	MOR	7,968,990.09	4,625,374.81
Trust receipt	2.00	11.25	4,693,969.21	1,025,072.66
Domestic trust receipt	4.25, 5.00	5.00	72,166,126.34	34,664,039.70
Promissory notes	MLR-(1.25, 2), 4 - 4.75	5.25	137,148,729.79	25,768,417.35
Short-term loans				
- Credit limit of Baht 61.00 million -				
The Teak Sathorn - Nanglinchee	MLR-1.40	-	60,804,117.55	-
- Credit limit of Baht 63.00 million -				
Grandis Kingkeaw	MLR-1.40	-	63,000,000.00	-
Total			345,781,932.98	66,082,904.52

	Interest rate (%)		Unit: Baht	
	As at	As at	Separate financial statements	
	December 31, 2019	December 31, 2018	2019	2018
Bank overdrafts	MMR-1.25	-	3,379,815.23	-
Trust receipt	2.00	-	4,693,969.21	1,025,072.66
Domestic trust receipt	4.25, 5.00	5.00	72,166,126.34	34,664,039.70
Promissory notes	MLR-2, 4 - 4.75	5.25	129,116,229.79	25,768,417.35
Total			209,356,140.57	61,457,529.71

As at December 31, 2019, the Group has trade financing facilities from financial institutions according to loan agreements with a total maximum credit limit of Baht 566.67 million (December 31, 2018: Baht 397.71 million).

As at December 31, 2019, the Group has short-term loans facilities of a subsidiary, Teak Development Limited, entered into the financial support credit facility agreements with a local financial institution to receive financial support for “The Teak Sathorn - Nanglinchee” project and “Grandis Kingkeaw” project, the significant conditions under such agreements are as follows:

No.	Credit limit	Repayment periods	Interest rate (%)	Payment conditions	Collateral
	Unit: Million Baht				
1	61.00	12 months as from May 14, 2019	MLR-1.40 per annum	The borrower shall fully repay the loans within the period of the loan agreement.	Land and buildings of the project and BuilderSmart Public Company Limited.
2	63.00	12 months as from October 7, 2019	MLR-1.40 per annum	The borrower shall fully repay the loans within the period of the loan agreement.	Land and buildings of the project and BuilderSmart Public Company Limited.
Total	124.00				

The borrower also must comply with the significant financial conditions the same as of long-term loan to financial institutum, loan No. 3 (Credit limit of Baht 160.00 million) (Note 19).

17. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables				
Trade payables - other parties	116,831,952.01	76,504,157.92	48,324,113.48	58,394,806.32
Trade payables - related parties	8,332,175.77	14,284,595.43	-	6,160.53
Total trade payables	125,164,127.78	90,788,753.35	48,324,113.48	58,400,966.85
Other payables				
Advances from related parties	213,354.39	327,723.12	15,000.00	29,673.00
Other payables	16,086,410.74	13,252,125.11	11,055,191.81	7,372,990.26
Other payables - related party	56,670.00	142,329.50	-	-

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Commission payables	10,105,839.85	18,466,941.00	8,840,388.51	15,847,276.62
Accrued expenses	36,691,199.93	5,124,554.13	6,724,778.95	4,018,374.64
Accrued senior living project under development cost	8,871,693.26	11,677,377.72	-	-
Accrued bonus expenses	6,268,499.99	8,913,756.71	6,268,499.99	6,517,928.49
Accrued interest expenses	3,878,229.72	494,396.78	3,553,366.70	494,396.78
Accrued interest expenses - related parties	305,095.89	-	309,840.16	9,335.50
Revenue Department payable	168,220.65	168,220.65	-	-
Withholding tax	2,209,758.94	2,227,604.13	694,195.39	1,034,003.50
Reservation fee for lease - related parties	-	6,100,000.00	-	-
Reservation fee for lease - other parties	1,807,110.29	2,600,000.00	-	-
Retentions	145,489.13	183,124.72	-	-
Total other payables	86,807,572.78	69,678,153.57	37,461,261.51	35,323,978.79
Total trade and other current payables	211,971,700.56	160,466,906.92	85,785,374.99	93,724,945.64

18. LONG-TERM LIABILITIES UNDER FINANCE LEASES

Long-term liabilities under finance lease as at December 31, 2019 and 2018 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Long-term liabilities under finance leases				
- Within 1 year	2,325,427.68	1,678,459.22	1,682,967.96	1,669,354.55
- Over 1 year but not over 5 years	4,464,581.08	1,620,236.19	3,036,966.34	1,620,236.19
<u>Less</u> Deferred interest expenses	(641,690.52)	(182,877.43)	(462,459.45)	(182,828.47)
Present value of long-term liabilities under finance leases	6,148,318.24	3,115,817.98	4,257,474.85	3,106,762.27
<u>Less</u> Current portion of long-term liabilities under finance leases	(2,034,062.12)	(1,568,120.57)	(1,482,989.02)	(1,559,064.86)
Net	4,114,256.12	1,547,697.41	2,774,485.83	1,547,697.41

As at December 31, 2019, the Company and a subsidiary entered into financial lease agreements to rent vehicles and machinery. The rental fee is payable on a monthly basis in the total amount of Baht 219,493.82 for 60 periods ending June 5, 2024.

19. LONG-TERM LOANS FROM A FINANCIAL INSTITUTION

Movements of long-term loans from a financial institution for the year ended December 31, 2019 are summarised below:

	Unit: Baht			
	Consolidated financial statements			
	As at	Movement during the year		As at
	January 1, 2019	Increase	Decrease	December 31, 2019
Long-term loans from financial institutions				
Credit limit of Baht 131.00 million -				
The Teak Sukhumvit 39	83,884,000.00	47,116,000.00	(131,000,000.00)	-
Credit limit of Baht 154.47 million -				
The Teak Sathorn - Lumpini	77,470,000.00	38,311,967.50	(1,616,316.88)	114,165,650.62
Credit limit of Baht 161.25 million - The Teak Ari	78,750,000.00	-	(153,548.95)	78,596,451.05
Credit limit of Baht 160.00 million - The Teak Ratchada	80,000,000.00	-	-	80,000,000.00
Credit limit of Baht 60.00 million - Senior Living Project	-	60,000,000.00	-	60,000,000.00
Total	320,104,000.00	145,427,967.50	(132,769,865.83)	332,762,101.67
<u>Less</u> Current portion of long-term loans	(83,884,000.00)			(60,000,000.00)
Net	236,220,000.00			272,762,101.67

As at December 31, 2019, two subsidiaries, Teak Development Limited and Sansara Development Company Limited, entered into the financial support credit facility agreements with three local financial institutions to receive financial support for “The Teak Sathorn - Lumpini” project, “The Teak Ari” project, “The Teak Ratchada” project, and Senior Living Project. The significant conditions under such agreements are as follows:

No.	Credit limit		Repayment periods	Interest rate (%)	Payment conditions	Collateral
	Unit:	Million Baht				
1		154.47	48 months as from May 16, 2018	MLR-1.65 per annum	The borrower must repay loans as required by the bank.	Land and buildings of the projects and BuilderSmart Public Company Limited.
2		161.25	48 months as from October 29, 2018	MLR-1.65 per annum	a) The borrower agreed to repay the loans to release the mortgaged properties, i.e. the first lot of condominium units, within 36 months from the agreement date. b) The borrower agrees to repay the loans, by whichever is higher of: (1) Repayment according to the area of the condominium requested for release from mortgage. The repayment amount must not be lower than Baht 105,000 per square meter. (2) 75% of the net selling price of condominium unit.	Land and buildings of the projects and BuilderSmart Public Company Limited.
3		160.00*	36 months as	MLR-0.75	a) The borrower shall fully repay the loans within the	Land and buildings of the

No.	Credit limit		Interest rate (%)	Payment conditions	Collateral
	Unit: Million Baht	Repayment periods			
		from October 5, 2018	per annum	agreement date. b) The borrower agrees to repay the loans, by whichever is higher of: (1) Repayment according to the area of the condominium requested for release from mortgage. The repayment amount must not be lower than Baht 105,000 per square meter. (2) 75% of the net selling price of condominium unit.	projects and BuilderSmart Public Company Limited.
4	60.00**	36 months as from November 19, 2019	MLR per annum	(a) The borrower agreed to repay the loans and interest in monthly installments, each not less than Baht 1,991,000. The first installment is due on February 28, 2020. (b) The borrower shall fully repay the loans within October 31, 2022.	Land and buildings of the projects and BuilderSmart Public Company Limited.
Total	535.72				

* The borrower must comply with the following significant financial conditions for Loan No. 3 (Credit limit of Baht 160.00 million):

1. The subsidiary must not reduce the registered capital or merge with other juristic person.
2. The subsidiary must not change the form of legal entity, subsidiary's Board of Directors or modify/change Memorandum of Association, regulations and/or objectives.
3. The subsidiary must not change the shareholders' holding percentage from the date of the agreement.

**The borrower must comply with the following significant financial conditions for Loan No. 6 (Credit limit of Baht 60.00 million):

1. The subsidiary must maintain the status of the Company based on the financial statements submitted to the Revenue Department, must not have a capital deficit, and/or procure other funding sources to maintain positive financial standing.
2. The subsidiary must not grant loans to directors/shareholders/related parties, except where having obtaining written consent from the lender.

20. SHORT-TERM LOANS FROM OTHER PARTIES - NET

Short-term loans from other parties - net as at December 31, 2019 and 2018 comprised:

	Interest rate (%)		Unit: Baht	
	Consolidated and separate financial statements		Consolidated and separate financial statements	
	2019	2018	2019	2018
Bills of Exchange	6.20	5.00, 6.20	50,000,000.00	100,000,000.00
Short-term debentures	6.40	-	90,000,000.00	-
Total			140,000,000.00	100,000,000.00
<u>Less</u> Deferred interest expenses - Bills of exchange			(243,700.43)	(674,979.80)
Net			139,756,299.57	99,325,020.20

As at December 31, 2019, the Company issue the Bills of Exchange in the amount of not exceeding Baht 164.52 million with a maturity period of 270 days and due within January 31, 2020, to the investors for support the operation of two subsidiaries, Teak Development Company Limited and Sansara Development Limited and/or for the Company's working capital.

As at December 31, 2019, the Company has short-term debentures with debenture holders' representatives in the amount of Baht 90.00 million that are name-registered certificates, unsubordinated, unsecured and due on a bullet payment. The maturity date of such debentures is March 31, 2020.

21. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movements of the present value of non-current provisions for employee benefit for the years ended December 31, 2019 and 2018 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Non-current provisions for employee benefit				
as at January 1,	8,504,311.00	6,977,986.00	6,465,027.00	5,365,323.00
Included in profit or loss:				
Current service cost	1,142,748.50	1,275,948.00	891,162.00	906,531.00
Interest cost	251,030.98	250,377.00	196,524.00	193,173.00
Past service cost	605,686.50	-	360,588.00	-
Included in other comprehensive income:				
Actuarial gains arising from				
Financial assumptions changes	(2,344,562.00)	-	(1,856,740.00)	-
Experience adjustments	(51,210.00)	-	317,094.00	-
Benefit paid during the year	-	-	-	-
Non-current provisions for employee benefit				
as at December 31,	8,108,004.98	8,504,311.00	6,373,655.00	6,465,027.00

Non-current provisions for employee benefit for the years ended December 31, 2019 and 2018, have been charged to profit or loss of consolidated financial statements amounting to Baht 2.00 million and Baht 1.53 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 1.45 million and Baht 1.10 million, respectively.

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

Principal actuarial assumptions as at December 31, 2019 and 2018 (represented by the weighted-average) consisted of:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	2.55 - 3.29	2.81 - 3.08	2.66	3.08
Future monthly salary increase rate	6.34	7.96	6.34	7.96
Mortality rate	100% of Thai	100% of Thai	100% of Thai	100% of Thai
	Mortality Ordinary	Mortality Ordinary	Mortality Ordinary	Mortality Ordinary
	Tables of 2017	Tables of 2017	Tables of 2017	Tables of 2017

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

	Unit: Million Baht			
	Change of the present value of the employee benefit obligations			
	Consolidated financial statement		Separate financial statement	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(7.83)	8.44	(6.16)	6.60
Salary increase rate	8.45	(7.81)	6.62	(6.14)
Turnover rate	(7.74)	8.54	(6.09)	6.68

The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette on April 5, 2019, and became effective on May 5, 2019. The Act stipulates additional severance pay rates. Employees who have worked for an uninterrupted period of 20 years or more are entitled to receive no less than 400 days' compensation at the latest wage rate. This change qualifies as an amendment to the post-employment benefits plan. The Company and its subsidiaries reflected the effect of the change by recognizing past service costs as expenses in the income statement for the second quarter of 2019, the period during which the law became effective.

22. DEFERRED INCOME TAX

Deferred income tax as at December 31, 2019 and 2018 were consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets - net	11,315,632.83	7,018,847.42	3,962,459.92	3,916,618.85
Deferred tax liabilities - net	-	(1,392,108.00)	-	-

Movements in deferred tax assets during years ended December 31, 2019 and 2018 were as follows:

	Unit: Baht							
	Consolidated financial statements				Separate financial statements			
	As at	Other		As at	As at	Other		As at
	January	comprehensive		December	January	comprehensive		December
	1, 2019	Profit (loss)	income	31, 2019	1, 2019	Profit (loss)	income	31, 2019
Deferred tax assets								
Allowance for doubtful accounts	2,131,800.81	188,259.72	-	2,320,060.53	1,860,733.92	148,259.72	-	2,008,993.64
Allowance for obsolete of inventories	1,080,503.99	-	-	1,080,503.99	678,735.28	-	-	678,735.28
Non-current provisions for								
employee benefit	1,700,862.20	399,893.19	(479,154.40)	1,621,600.99	1,293,005.40	289,654.80	(307,929.20)	1,274,731.00
Difference of depreciation	79,596.88	(79,596.88)	-	-	84,144.25	(84,144.25)	-	-
Liability for guarantee refund to lessee	547,811.18	435,946.67	-	983,757.85	-	-	-	-
Tax losses	15,698,239.37	2,475,828.06	-	18,174,067.43	-	-	-	-
Effect from eliminate transactions	-	5,304,157.97	-	5,304,157.97	-	-	-	-
Total deferred tax assets	21,238,814.43	8,724,488.73	(479,154.40)	29,484,148.76	3,916,618.85	353,770.27	(307,929.20)	3,962,459.92
Deferred tax liabilities								
Tax depreciation - investment properties	(278,301.20)	(450,358.13)	-	(728,659.33)	-	-	-	-
Gain on fair value adjustment of								
investment properties	(15,333,773.81)	(2,106,082.79)	-	(17,439,856.60)	-	-	-	-
Total deferred tax liabilities	(15,612,075.01)	(2,556,440.92)	-	(18,168,515.93)	-	-	-	-
Net	5,626,739.42	6,168,047.81	(479,154.40)	11,315,632.83	3,916,618.85	353,770.27	(307,929.20)	3,962,459.92

As presented in the statement of financial position were as follows:

Deferred tax assets - net	7,018,847.42	11,315,632.83	3,916,618.85	3,962,459.92
Deferred tax liabilities - net	(1,392,108.00)	-	-	-
	5,626,739.42	11,315,632.83	3,916,618.85	3,962,459.92

Unit: Baht						
	Consolidated financial statements			Separate financial statements		
	As at		As at	As at		As at
	January		December	January		December
	1, 2018	Profit (loss)	31, 2018	1, 2018	Profit (loss)	31, 2018
Deferred tax assets						
Allowance for doubtful accounts	2,243,674.16	(111,873.35)	2,131,800.81	1,972,607.27	(111,873.35)	1,860,733.92
Allowance for obsolete of inventories	1,342,472.40	(261,968.41)	1,080,503.99	748,007.65	(69,272.37)	678,735.28
Non-current provisions for employee benefit	1,395,597.20	305,265.00	1,700,862.20	1,073,064.60	219,940.80	1,293,005.40
Difference of depreciation	23,388.96	56,207.92	79,596.88	102,457.24	(18,312.99)	84,144.25
Liability for guarantee refund to lessee	115,082.63	432,728.55	547,811.18	-	-	-
Tax losses	-	15,698,239.37	15,698,239.37	-	-	-
Total deferred tax assets	5,120,215.35	16,118,599.08	21,238,814.43	3,896,136.76	20,482.09	3,916,618.85
Deferred tax liabilities						
Tax depreciation - investment properties	(179,914.03)	(98,387.17)	(278,301.20)	-	-	-
Gain on fair value adjustment of investment properties	(5,400,688.94)	(9,933,084.87)	(15,333,773.81)	-	-	-
Total deferred tax liabilities	(5,580,602.97)	(10,031,472.04)	(15,612,075.01)	-	-	-
Net	(460,387.62)	6,087,127.04	5,626,739.42	3,896,136.76	20,482.09	3,916,618.85
As presented in the statement of financial position were as follows:						
Deferred tax assets - net	4,774,970.12		7,018,847.42	3,896,136.76		3,916,618.85
Deferred tax liabilities - net	(5,235,357.74)		(1,392,108.00)	-		-
	(460,387.62)		5,626,739.42	3,896,136.76		3,916,618.85

All subsidiaries have unutilised tax loss carried forward as at December 31, 2019 and 2018. As such subsidiaries will not have sufficient taxable profit to utilize unused tax loss as a tax credit, Management, therefore, will not account for the deferred tax on these unutilised tax losses carried forward in the financial statements.

The deferred tax asset is not recognised in the statement of financial position consisted of:

Unit: Baht			
	Consolidated financial statements		Separate financial statements
	2019	2018	2019
Unused tax losses			2018
Expire in next 1 year	155,087.63	130,573.77	-
Expire in 2 - 5 years	2,210,836.75	1,824,045.43	-
Temporary differences	697,802.52	699,802.52	-
Total	3,063,726.90	2,654,421.72	-

23. INCOME TAX

Income tax for the years ended December 31, 2019 and 2018 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax expense				
Current year	12,455,566.72	12,207,129.17	11,302,124.94	12,207,129.17
Deferred tax expense				
Relating to origination and reversal of temporary differences	(6,168,047.81)	(6,087,127.04)	(353,770.27)	(20,482.09)
Income tax expenses	6,287,518.91	6,120,002.13	10,948,354.67	12,186,647.08

Reconciliation of effective tax rate for the years ended December 31, 2019 and 2018 as follows:

	Unit: Baht			
	Consolidated financial statements			
	2019		2018	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit before income tax		31,204,012.65		66,419,101.24
Income tax using the corporate tax rate	20.00	6,240,802.53	20.00	13,283,820.25
Expenses not deductible for tax purposes	(0.50)	(156,816.10)	1.46	970,700.30
Current year losses for which no deferred tax assets was recognised	1.74	541,878.95	0.02	14,837.17
Prior year losses which no deferred tax assets was recognised but used to reduce current tax expenses	(0.12)	(36,054.58)	(0.94)	(623,715.12)
Prior year losses which deferred tax assets was recognised in current year	-	-	(12.27)	(8,148,262.35)
Prior year temporary differences which no deferred tax assets was recognised	(2.69)	(840,026.32)	0.10	67,454.92
Effect from eliminate transactions	1.72	537,734.43	0.84	555,166.96
Tax expense	20.15	6,287,518.91	9.21	6,120,002.13

	Unit: Baht			
	Separate financial statements			
	2019		2018	
	Tax rate		Tax rate	
	(%)	Unit: Baht	(%)	Unit: Baht
Profit before income tax		53,395,621.24		59,534,860.85
Income tax using the corporate tax rate	20.00	10,679,124.25	20.00	11,906,972.17
Expenses not deductible for tax purposes	0.50	269,230.42	0.36	212,219.99
Prior year temporary differences which no deferred tax assets was recognised	-	-	0.11	67,454.92
Tax expense	20.50	10,948,354.67	20.47	12,186,647.08

24. SHARE CAPITAL

Extraordinary General Meeting of Shareholders No. 1/2018, held on January 10, 2018, approved to issue and offer, 200,000,000 newly issued shares with a par value of Baht 0.10 per share for the Private Placement at the offer price of Baht 0.65, totaling Baht 130.00 million, to Mr. Warut Panupattanapong and three other persons. The Company will use proceeds from such transaction to invest in the subsidiary to purchase The Teak Sukhumvit 39 project. The Private Placement offer date is January 18, 2018.

The Meeting also approved to allocate the newly issued shares to accommodate the warrant rights to purchase the Company's Ordinary Shares No.2 (BSM-W2). During the third quarter of 2018, the existing shareholders had exercised the rights to purchase the increase share capital of 234,525,517 ordinary shares, at an exercise price of Baht 0.489 per share amounting Baht 114.68 million. The Company registered new paid-in share capital amount with the Ministry of Commerce on April 10, July 12, October 10, 2018, and January 8, 2019.

25. DIVIDENDS PAID

2019

The Annual General Meeting of the Company's Shareholders for the year 2019, held on April 30, 2019, approved an annual dividend payment from the operating results of the year 2018, at the rate of Baht 0.015 per share, totaling Baht 31.96 million, which will be paid on May 28, 2019.

2018

The Annual General Meeting of the Company's Shareholders for the year 2018, held on April 24, 2018, approved an annual dividend payment from the operating results of the year 2017, at the rate of Baht 0.01 per share, totaling Baht 19.15 million, which will be paid on May 22, 2018.

26. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must appropriate annual net profit as a reserve fund of not less than 5% of the annual net profit deducted by the total deficit brought forward (if any) until reserve reaches an amount no less than 10% of the registered capital. This legal reserve is not available for dividend distribution.

27. EARNINGS PER SHARE

For the year ended December 31, 2018, there is diluting effect from warrant conversions because the fair value of the ordinary shares exceeds the exercise price. As such, there is dilution of earnings per share.

For the year ended December 31, 2018 were as follows:

	For the years ended December 31, 2018	
	Consolidated financial statements	Separate financial statements
Profit equity holders of the company for the year	60,319,427.19	47,348,213.77
Weighted average number of ordinary shares (basic) (Thousand shares)	1,921,632.95	1,921,632.95
Effect of dilutive potential ordinary shares Rights to purchase the Company's Ordinary Shares No.2 (BSM-W2) (Thousand shares)	15,005.00	15,005.00
Weighted average number of ordinary shares outstanding during the year (diluted) (Thousand shares)	1,936,637.95	1,936,637.95
Earnings per share		
Basic earnings per share (Baht/share)	0.031	0.025
Diluted earnings per share (Baht/share)	0.031	0.024

28. PROVIDENT FUND

The Company established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund was approved by the Ministry of Finance. Under the plan, employees must contribute 3 percent of their basic salary, with 3 percent to be matched by the Company. The Company appointed an authorised fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

During the year ended December 31, 2019, the Group's contributions to the provident fund are Baht 2.23 million. (2018: Baht 1.81 million)

29. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Changes in inventories of finished goods and work-in-process	6,350,345.96	(1,660,380.67)	1,824,605.46	(11,279,552.14)
Changes in cost of real estate development project	(181,975,698.90)	(576,110,404.11)	-	-
Purchases of finished goods	331,954,983.35	301,957,968.00	327,028,664.32	304,041,759.17
Land, project consultant and construction	372,108,384.18	566,067,609.30	-	-
Raw materials used	47,947,836.86	67,018,461.37	7,606,208.29	12,697,219.87
Depreciation and amortisation	13,434,635.13	11,997,778.25	6,430,055.32	5,479,641.74
Staff costs	117,202,190.06	109,227,118.87	78,896,771.60	75,398,011.51
Commission, advertising and sale promotion	40,323,554.11	34,163,993.21	17,310,415.32	19,262,594.87
Transport and distribution expenses	8,492,473.23	6,930,216.59	7,190,188.67	5,591,287.66
Operating rental expenses	16,448,457.04	14,644,766.29	6,222,474.86	5,114,850.00
Consultant and professional service fee	4,047,194.47	5,981,700.53	2,024,165.00	3,765,639.28

30. FINANCIAL INFORMATION BY SEGMENT

Segment information is presented with respect to the Group's business segment which based on the Group's Management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, other income, selling expenses, administrative expenses and finance costs.

The Group's business segment information and reconciliation of reportable segment profit or loss for the years ended December 31, 2019 and 2018 were as follows:

	Unit: Thousand Baht													
	Sales of						Real estate				Elimination of		Consolidated	
	construction materials		Selling and installing		Senior Living Project		development		Unallocated assets		inter-segment revenue		financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from sales and services	483,152.21	482,876.57	87,633.73	105,752.62	35,412.63	-	243,430.03	-	-	-	-	-	849,628.60	588,629.19
Inter-segment revenue	527.32	387.02	15,047.24	7,860.43	-	-	-	-	-	-	(15,574.56)	(8,247.45)	-	-
Cost of sales and services	(330,192.22)	(319,836.71)	(81,443.15)	(93,011.02)	(31,181.28)	-	(190,132.69)	-	-	-	7,591.37	8,774.30	(625,357.97)	(404,073.43)
Segment gross profit	153,487.31	163,426.88	21,237.82	20,602.03	4,231.35	-	53,297.34	-	-	-	(7,983.19)	526.85	224,270.63	184,555.76
Other income					46.46	87.32	588.03	96.30	28,739.24	12,415.51	(24,963.63)	(7,043.69)	4,410.10	5,555.44
Gain on fair value adjustment of investment properties					10,528.51	49,667.33	-	-	-	-	-	-	10,528.51	49,667.33
Selling expenses					(14,786.10)	(16,467.51)	(21,342.53)	(3,126.14)	(60,175.28)	(56,331.40)	-	43.15	(96,303.91)	(75,881.90)
Administrative expenses					(13,658.54)	(11,887.27)	(12,377.46)	(7,924.15)	(76,173.44)	(74,956.40)	2.36	168.48	(102,207.08)	(94,599.34)
Loss on impairment of investment in subsidiary					-	-	-	-	-	(254.95)	-	254.95	-	-
Finance costs					(203.43)	(66.55)	(3,018.24)	(510.18)	(14,207.70)	(5,575.88)	7,935.13	3,274.42	(9,494.24)	(2,878.19)
Profit (loss) before income tax expense					(13,841.75)	21,333.32	17,147.14	(11,464.17)	(121,817.18)	(124,703.12)	(25,009.33)	(2,775.84)	31,204.01	66,419.10
Tax (expense) income					2,732.18	3,843.25	(3,442.29)	2,292.73	(10,881.57)	(12,255.98)	5,304.16	-	(6,287.52)	(6,120.00)
Profit (loss) for the year					(11,109.57)	25,176.57	13,704.85	(9,171.44)	(132,698.75)	(136,959.10)	(19,705.17)	(2,775.84)	24,916.49	60,299.10

The reconciliations of each segment total assets to the Group's assets and other material items as at December 31, 2019 and 2018 were as follows:

31. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT POLICIES

The principal financial risks faced by the Group are interest rate risk, foreign currency risks and credit risks. The Group borrows at floating rates of interest to finance its operations. Some sales and purchases of goods are entered into in foreign currencies. Credit risk arises when sales are made on deferred credit terms.

The Group uses derivative instruments, when it considers appropriate, to manage such risks.

The Group did not intend to engage in trading derivative instruments for speculative purposes.

B) INTEREST RATE RISK

The Group was exposed to interest risks because it held deposits in financial institutions, highly liquid short-term investment, borrowings from financial institutions and debentures. However, as such financial assets and liabilities are short-term, the Group believes that future market interest rate fluctuations would not significantly affect their operation and cash flows. Therefore, no financial derivative was adopted to manage such risks.

As at December 31, 2019 and 2018, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Unit: Thousand Baht						
	Consolidated financial statements						
	As at December 31, 2019						
	Fixed interest rates			Floating			Effective
	Within			interest	Non-interest		interest rate
	At call	1 year	Over 1 years	rate	bearing	Total	(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	28.29	10.85	39.14	0.13 - 0.63
Trade and other current receivables	-	-	-	-	127.04	127.04	-
Restricted deposits with financial institutions	-	-	32.00	19.43	-	51.43	0.25 - 1.50
Investment in debt securities held to maturity - net	-	-	10.91	-	-	10.91	2.22
<u>Financial liabilities</u>							
Short-term loans from financial institutions	-	185.98	-	159.80	-	345.78	2.00 - 5.75
Trade and other current payables	-	-	-	-	211.97	211.97	-
Short-term loans from other parties - net	-	139.76	-	-	-	139.76	6.20, 6.40
Liabilities under finance leases	-	2.04	4.11	-	-	6.15	3.81 - 6.98
Long-term loans from financial institutions	-	-	-	332.76	-	332.76	5.28 - 6.38

	Unit: Thousand Baht						
	Consolidated financial statements						
	As at December 31, 2018						
	Fixed interest rates			Floating			Effective
	Within			interest	Non-interest		interest rate
	At call	1 year	1 - 5 years	rate	bearing	Total	(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalents	-	61.30	-	128.08	2.18	191.56	0.13 - 2.10
Trade and other current receivables	-	-	-	-	139.71	139.71	-
Restricted deposits with financial institutions	-	-	33.50	3.00	-	36.50	0.50 - 1.50
Investment in debt securities held to maturity - net	-	-	11.05	-	-	11.05	2.22
<u>Financial liabilities</u>							
Short-term loans from financial institutions	-	61.46	-	4.62	-	66.08	5.00 - 11.25
Trade and other current payables	-	-	-	-	160.47	160.47	-
Short-term loans from other parties - net	-	99.33	-	-	-	99.33	5.00, 6.20
Liabilities under finance leases	-	1.57	1.55	-	-	3.12	3.81 - 6.69
Long-term loans from financial institutions	-	-	-	320.10	-	320.10	5.28 - 6.65

C) FOREIGN CURRENCY RISK

The Group exposed to foreign currency related primarily to its trade receivables, accounts payables, other payables and anticipated sales/purchases denominated in foreign currencies. During the year end December 31, 2019 and 2018, the Group unhedged the foreign currency on accounts payable and part of its anticipated purchases.

However, the balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2019 and 2018, are summarised below.

Unit: Baht						
As at December 31, 2019						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at December 31, 2019	
	Financial		Financial		(Baht per foreign currency unit)	
	Financial assets	liabilities	Financial assets	liabilities	Buying rate	Selling rate
US Dollars	21,806,193.65	10,856,729.51	21,337,150.02	10,850,985.67	29.98	30.33
New Zealand Dollars	-	9,560,169.54	-	-	19.92	20.52
Australian Dollars	-	398,009.13	-	-	20.68	21.42
Euro	-	5,911,825.60	-	5,911,825.60	33.38	34.08

Unit: Baht						
As at December 31, 2018						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at December 31, 2018	
	Financial		Financial		(Baht per foreign currency unit)	
	Financial assets	liabilities	Financial assets	liabilities	Buying rate	Selling rate
US Dollars	32,214,174.72	14,836,583.74	29,981,540.05	14,925,721.86	32.28	32.61
New Zealand Dollars	-	1,286,527.64	-	-	21.45	22.07
Australian Dollars	-	1,830,403.08	-	-	22.45	23.23
Chinese Yuan	-	1,025,072.66	-	1,025,072.66	4.66	4.78

D) CREDIT RISK

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

E) FAIR VALUE

Fair value means the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Financial assets and liabilities held for the short-term maturities, such as cash on hand and deposits at financial institutions, account receivable and payable, short-term loans to and borrowing, the carrying amounts in the statements of financial position approximate at their fair value.
- Leases, which fair values calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position.

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Operating leases commitments

As at December 31, 2019, the Group entered into long-term rental agreements with third parties for land, building, cars and services for periods of 1 year to 5 years. The commitment to repay leases and service fees, according to agreements, are summarised as follows:

Year	Unit: Baht
Within 1 year	11,428,179.01
Over 1 year but not over 5 years	10,486,840.00

32.2 Capital expenditure commitments

As at December 31, 2019, a subsidiary company has several construction contracts. The subsidiary company has commitment under these contracts totaling amount of Baht 54.24 million. (December 31, 2018: Baht 26.72 million).

32.3 Commitments and contingent liabilities with financial institutions

As at December 31, 2019, the Group has outstanding commitments and contingent liabilities with financial institutions as follows:

	Consolidated financial statement		
	Unit: Million Baht		
	Credit limit	Used	Unused
1) Bank overdrafts	35.70	(7.97)	27.73
2) Short-term loan - trust receipts, letters of credit and promissory notes	379.93*	(276.13)	103.70
3) Forward contract	68.04	-	68.04
4) Letter of guarantee	144.00	(46.64)	97.36
5) Long-term loan	535.72	(334.53)	201.29
	1,163.39	(665.27)	498.12

* The partial credit limit is a joint credit limit of the Company and a subsidiary

As at December 31, 2019, the Group had letters of guarantee issued by financial institutions for payment of goods to certain suppliers amounting to Baht 46.64 million.

Fixed deposits of the Company and subsidiary and the investment in government bond of the Company were pledged as collateral for above trade financing facilities (Note 9 and 11).

33. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and to maintain the ability of the Company to continue its business as a going concern.

According to the statement of financial position as at December 31, 2019, the Group and the Company's debt-to-equity ratio were 1.92: 1 and 0.68: 1 respectively (as at December 31, 2018: 1.30: 1 and 0.42: 1)

34. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

Board of Directors' Meeting No. 1/2020, held on February 24, 2020, resolved to propose an agenda to the Annual General Shareholders' Meeting of 2020 to consider and approve the dividend payment from the operating results of the year 2019 at Baht 0.01 per share, totaling Baht 21.31 million.

35. RECLASSIFICATION

The Group has reclassified certain consolidated financial statements accounts in the statement of profit or loss and other comprehensive income for the year ended December 31, 2018, to conform to the current period's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

Account	Unit: Baht		
	Consolidated financial statements		
	As previously reported	Reclassified amount	As reclassified
<u>Statement of financial position</u>			
Trade and other current payables	(170,019,806.92)	9,552,900.00	(160,466,906.92)
Liability for guarantee refund to lessee	(85,214,948.43)	(9,552,900.00)	(94,767,848.43)
<u>Statement of profit or loss and other comprehensive income</u>			
Selling expenses	71,854,722.25	4,027,181.04	75,881,903.29
Administrative expenses	98,626,520.24	(4,027,181.04)	94,599,339.20

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of directors on February 24, 2020.