

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Preecha Group Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Preecha Group Public Company Limited and its subsidiaries ("the Group") and of Preecha Group Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respect, the consolidated and separate financial position of Preecha Group Public Company Limited and its subsidiaries and of Preecha Group Public Company Limited as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Impairment of Cost of Property Development, Land Held for Development and Investment Properties

As discussed in Notes 3, 7, 10 and 11 to the financial statements regarding accounting policies and details of cost of property development, land held for development and investment properties, the balances of those assets are significance to the consolidated and separate financial statements. I considered the impairment relevant to such assets is a key audit matter as it required significant judgments and assumptions of Group's management and the independent appraiser in valuation of assets, which may cause the risk about the adequacy of the allowance for impairment of assets.

I evaluated the qualification of the independent appraiser, read the valuation reports of the independent appraiser and reviewed the reasonableness of the methodology and assumptions adopted in the valuation, and performed analytical review of the relevant information. In addition, I also considered the completeness and accuracy of the disclosures in notes to the financial statements.

Contingent Liabilities

As discussed in Notes 3 and 24 to the financial statements regarding accounting policies and details of contingent liabilities, the Company has lawsuits under the consideration of the court which the outcome are not yet predictable. Therefore, it is necessary to use the management judgment in determining the adequacy of the provision. Because of the uncertainty of such lawsuits, it is considered as the key audit matter.

I reviewed the Company's lawyer confirmation and evaluated the outcome of the said conformation and inquired the management of the details of the progress of the lawsuits as well as relevant information, including the methods used in assessment and determination of any liabilities arising from these lawsuits. In addition, I considered the completeness and accuracy of the disclosures in notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises information including in annual report but does not include the consolidated and separate financial statements and my auditor's report thereon, which is expected to be made available to me after that date.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance to make correction the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chompoonuch Saetae
Certified Public Accountant
Registration Number 8382

PV Audit Co., Ltd.
Bangkok, 27 February 2020

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Preecha Group Public Company Limited, “the Company” is incorporated in Thailand and operates property development and renting property businesses. The Company’s registered office is located at 1919 Pattanakarn Road, Suanluang, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 18 April 1996.

2. BASIS OF PREPARATION 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 (“TFAC”) in accordance with generally accepted accounting principles in Thailand.

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

The accompanying financial statements have been prepared in the 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 preparation of the financial statements in accordance with TFRS requires management to make judgments and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments and estimates 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 judgments and estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consisted of the financial statements of Preecha Group Public Company Limited, and its subsidiaries (together referred to as “the Group”) as follows:

Subsidiaries	Located in	Business type	Percentage of holding (%)	
			2019	2018
P.B. Estate Company Limited	Thailand	Real Estate	100	100
Housing Complex Company Limited	Thailand	Real Estate	100	100
Ruay Lan Lan Company Limited	Thailand	Real Estate	100	100

All significant intercompany transactions and accounts are eliminated in preparing the consolidated financial statements.

The preparation of the consolidated financial statements has been based on the same accounting policies for the same or similar accounting transactions or accounting events.

Subsidiaries are an entity controlled by the Company. The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that significantly affect the amount of its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in application of new and revised TFRS

New and revised TFRS that became effective in the current year

During the year 2019, the Group has adopted revised TFRS (revised 2018) and new TFRS which are effective for the accounting period beginning on or after 1 January 2019. These TFRS 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 TFRS does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which is summarized below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following TAS together with related Thai Interpretations (TSIC) and Thai Financial Reporting Interpretations (TFRIC):

TAS/TSIC/TFRIC	Topic
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

TAS/TSIC/TFRIC	Topic
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The Group is to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which the Group 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.

This TFRS does not have any material impact on the Group's financial statements.

New and revised TFRS not yet effective

The TFAC has issued Notification, mandating the use of revised TFRS and new TFRS which are effective for the financial statements for the period beginning on or after 1 January 2020. These TFRS 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. However, the new TFRS involve changes to key principles which are summarized belows:

TFRS related to financial instruments

The set of TFRS related to financial instruments consists of five TAS, TFRS and interpretations as follows:

TAS/TFRS/TFRIC	Topic
TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRS 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 financial instruments, the characteristics of the contractual cash flows and the Group's business model), calculation of impairment of financial instruments using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRS related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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 Group is assessing the impacts of these TFRS on the financial statements for the year in which they are initially applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The measurement bases used in preparing the financial statements

Other than those disclosed elsewhere in the summary of significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

Revenues

Property development projects

Revenues and costs from the sales of property are recognized at the point in time when control of the property transferred to the buyer.

Rental income

Rental income under operating leases is recognized in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Contingent rentals are recognized as income in the accounting period in which they are earned.

Interest income

Interest income is recognized as interest accrues, based on the effective rate method.

Other income is recognized on an accrual basis.

Expenses

Operating leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Finance 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 costs 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.

Other expenses are recognized on an accrual basis.

Employee benefits

Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits – defined contribution plan

Obligations for contributions to defined contribution plan are expensed as the related service is provided.

Post-employment benefits – defined benefit plan

The employee benefit liabilities in relation to the severance payment under the labor law are recognised as a charge to results of operations over the employee's service year. 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 year up to the retirement age in the future years based on the actuarial technique. 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 benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When the actuarial assumptions are changed, the Group recognizes actuarial gains (losses) immediately in other comprehensive income.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax 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 the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

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

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 applied 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 measured fair value using valuation techniques 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 determined 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.

Cash and cash equivalents

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

Other receivables

Other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

In determining an allowance for doubtful accounts, the management needs to make judgment for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Cost of property development

Cost of property development are stated at the lower of cost or net realisable value. Project costs consisting of acquisition and development cost of land and direct expenses of the project including interest expense of borrowing for the acquisition of project development before the project is completed.

Net realisable value represents the estimated normal selling price less estimated costs to sell.

The Group recognises loss on diminution in value of projects (if any) in profit or loss.

In determining the cost of sales of property development, the anticipated total development costs (taking into account actual costs incurred to date) are attributed based on the basis of the salable area.

Cost of project sold estimates these costs based on their business experience and revisit the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Investments in subsidiaries

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

Land held for development

Land held for development which is to be developed in the future is stated at cost less allowance for impairment (if any).

Cost consists of cost of land and related expenses.

Loss on impairment of assets is included in profit or loss.

Investment properties

Investment properties are land, building and condominium which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Land is stated at cost less allowance for impairment (if any).

Building and condominium are stated at cost less accumulated depreciation and allowance for impairment (if any).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Depreciation

Depreciation is computed by the straight-line method based on the useful lives of building of 20 years.

Building and equipment

Building and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Subsequent costs

The costs of replacing a part of an item of building and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of building and equipment are recognised in profit or loss as incurred.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the profit or loss.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of assets as follows:

	<u>Years</u>
Leasehold building improvements	5 - 10
Office equipment	5
Vehicles	5

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets

Intangible assets are software computer, which are amortized by the straight-line method based on the estimated useful lives of the assets for 3 years and 5 years.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of assets

The carrying amounts of the Group's assets are reviewed at each in the statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' fair value less cost to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Finance lease

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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 costs so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance costs, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period. The assets acquired under finance leasing contract is depreciated over the shorter of the useful life of the asset or the lease term.

Under finance leases has condition about bargain purchase option when complete at the value or the rate specified in the agreement. Therefore, if the Group has policy to purchase such assets, then it will record the amount of payment of assets included in liabilities under finance leases.

Provision

A provision is recognized in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments

of the time value of money and, where appropriate, the risks specific to the liability. Significant judgements and estimates are as follows:

Commercial disputes and litigation

The Group has contingent liabilities as a result of commercial disputes and litigation. The management has used judgment to assess the results of the commercial disputes and litigation and believes that the estimated provision is adequate to cover the compensation for litigation and claims. However, actual results could differ from the estimates.

Dividends

Dividends and interim dividend payments are recorded in the consolidated and separate financial statements in the period in which they are approved by the Shareholders' Meeting or the Board of Directors' Meeting.

Basic loss per share

Basic loss per share is calculated by dividing loss for the years by the weighted average number of ordinary shares outstanding during the years.

4. RELATED PARTY TRANSACTIONS AND BALANCES

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

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and agreed upon between the Group and those related parties.

The significant transactions with related parties for the years ended 31 December 2019 and 2018 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Management fee income				
Subsidiaries	-	-	660,000.00	660,000.00
Rental expense				
Related company	4,279,704.00	4,279,704.00	4,279,704.00	4,279,704.00
Services expense				
Related company	2,512,107.48	2,542,528.02	2,512,107.48	2,542,528.02
Entertainment expenses				
Related company	243,697.81	226,066.64	243,697.81	226,066.64

Key management personnel compensation

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

	Baht	
	Consolidated and separate financial statements	
	2019	2018
Short-term benefits	8,317,230.10	9,759,560.20
Post-employment benefits	90,000.00	90,000.00
Total	8,407,230.10	9,849,560.20

The balances with related parties as at 31 December 2019 and 2018 were as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other receivables				
P.B. Estate Company Limited	-	-	321,000.00	256,800.00
Investments in subsidiaries (see Note 9)	-	-	126,838,567.44	128,422,532.65
Rental deposit				
P. Leasing Company Limited	805,920.00	805,920.00	805,920.00	805,920.00
Trade and other payables				
P. Leasing Company Limited	31,958.76	31,425.90	31,958.76	31,425.90
P.B. Estate Company Limited	-	-	-	22,000.00
Management fee received in advance				
Housing Complex Company Limited	-	-	1,435,252.34	1,735,252.34
Ruay Lan Lan Company Limited	-	-	7,252.34	307,252.34

Short-term loans to related party

	Baht	
	Separate financial statements	
	2019	2018
P.B. Estate Company Limited	31,089,405.09	31,089,405.09
Less Allowance for doubtful accounts	(31,089,405.09)	(31,089,405.09)
Short-term loans - net	-	-

Movements of short-term loans to related party for the years ended 31 December 2019 and 2018 were as follows:

	Baht	
	Separate financial statements	
	2019	2018
Beginning balance	31,089,405.09	31,089,405.09
Increase	50,000.00	-
Decrease	(50,000.00)	-
Ending balance	31,089,405.09	31,089,405.09

Accrued interest income to related party

	Baht	
	Separate financial statements	
	2019	2018
P.B. Estate Company Limited	42,424,823.15	42,424,823.15
Less Allowance for doubtful accounts (see Note 6)	(42,424,823.15)	(42,424,823.15)
Accrued interest income to related party - net	-	-

The Company has loans to related party by issuing promissory notes, due at call without collateral and no interest charged.

Short-term loans from related parties

	Baht	
	Separate financial statements	
	2019	2018
Housing Complex Company Limited	102,966,758.07	102,966,758.07
Ruay Lan Lan Company Limited	22,950,000.00	24,450,000.00
Total	125,916,758.07	127,416,758.07

Movement of short-term loans from related parties for the years ended 31 December 2019 and 2018 was as follows:

	Baht	
	Separate financial statements	
	2019	2018
Beginning balance	127,416,758.07	118,916,758.07
Increase	-	10,000,000.00
Decrease	(1,500,000.00)	(1,500,000.00)
Ending balance	125,916,758.07	127,416,758.07

Accrued interest payable from related parties

	Baht	
	Separate financial statements	
	2019	2018
Housing Complex Company Limited	4,092,948.99	4,092,948.99
Ruay Lan Lan Company Limited	817,462.16	817,462.16
Total	4,910,411.15	4,910,411.15

The Company has loans from related parties by issuing promissory notes, due at call without collateral and no interest charged.

Company relationship

Company	Country	Type of relation
P.B. Estate Company Limited	Thailand	Subsidiary
Housing Complex Company Limited	Thailand	Subsidiary
Ruay Lan Lan Company Limited	Thailand	Subsidiary
P. Leasing Company Limited	Thailand	Common shareholders
P&B Ratchada Hotel Company Limited	Thailand	Common shareholders and/or management

Bases of measurement for intercompany revenues and expenses

	Pricing policy
Management fee income	Based on negotiation
Rental and service expenses	Stipulate in the agreement
Entertainment expenses	Market price

5. CASH AND CASH EQUIVALENTS

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash on hand	392,111.25	605,054.00	392,111.25	510,244.00
Cash at banks	41,525,205.42	54,274,939.52	32,394,351.51	42,952,237.05
Total	41,917,316.67	54,879,993.52	32,786,462.76	43,462,481.05

6. OTHER RECEIVABLES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other receivables	123,322.70	118,547.65	-	-
Accrued interest income	1,614,309.21	1,597,687.73	42,491,579.58	42,474,958.10
Accrued income	3,586,761.86	3,726,827.79	3,907,761.86	3,966,827.79
Total	5,324,393.77	5,443,063.17	46,399,341.44	46,441,785.89
Less Allowance for doubtful accounts	-	-	(42,424,823.15)	(42,424,823.15)
Other receivables – net	5,324,393.77	5,443,063.17	3,974,518.29	4,016,962.74

7. COST OF PROPERTY DEVELOPMENT

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land	114,718,125.15	119,908,394.65	108,907,556.09	114,097,825.59
Construction cost	80,352,427.52	89,356,245.49	76,480,788.24	85,484,606.21
Utility costs	22,197,792.27	23,057,824.16	22,191,271.03	23,051,302.92
Others	196,721.10	151,353.10	125,926.55	80,558.55
Capitalised interest and financial costs	16,641,473.52	16,858,766.34	16,598,752.13	16,816,044.95
Total	234,106,539.56	249,332,583.74	224,304,294.04	239,530,338.22
Less Allowance for devaluation				
of project	(30,483,296.60)	(30,483,296.60)	(28,744,818.99)	(28,744,818.99)
Ending balance	203,623,242.96	218,849,287.14	195,559,475.05	210,785,519.23

The Company mortgaged partial of land including existing construction as collateral for the credit facilities with financial institutions.

8. RESTRICTED BANK DEPOSITS

As at 31 December 2019 and 2018, the Company's cash at banks are used as collateral for a letter of guarantee issued by bank for public utility of project of the Company.

9. INVESTMENTS IN SUBSIDIARIES

	Baht									
	Separate financial statements									
	Baht		Percentage of		Cost		Allowance for		Net book value	
	Paid-up share capital		holding (%)				impairment			
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
P.B. Estate Company Limited	2,000,000.00	2,000,000.00	100	100	2,000,000.00	2,000,000.00	(2,000,000.00)	(2,000,000.00)	-	-
Housing Complex Company Limited	100,000,000.00	100,000,000.00	100	100	100,000,000.00	100,000,000.00	-	-	100,000,000.00	100,000,000.00
Ruay Lan Lan Company Limited	20,000,000.00	20,000,000.00	100	100	48,398,548.00	48,398,548.00	(21,559,980.56)	(19,976,015.35)	26,838,567.44	28,422,532.65
Total					150,398,548.00	150,398,548.00	(23,559,980.56)	(21,976,015.35)	126,838,567.44	128,422,532.65

	Baht	
	Separate financial statements	
	2019	2018
For the years ended 31 December		
Loss on impairment	1,583,965.21	1,670,434.96

10. LAND HELD FOR DEVELOPMENT

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land held for development	57,056,620.00	57,056,620.00	55,218,750.00	55,218,750.00
Less Allowance for impairment	(27,056,620.00)	(27,056,620.00)	(25,218,750.00)	(25,218,750.00)
Land held for development - net	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00

11. INVESTMENT PROPERTIES

	Baht			
	Consolidated financial statements			
	Land	Building	Condominium	Total
Cost				
As at 1 January 2018	26,080,500.19	195,237,987.60	7,226,324.94	228,544,812.73
Purchases/transfer in	-	1,267,495.25	-	1,267,495.25
Disposals/transfer out	-	(38,481.50)	-	(38,481.50)
As at 31 December 2018	26,080,500.19	196,467,001.35	7,226,324.94	229,773,826.48
Purchases/transfer in	-	1,046,562.72	-	1,046,562.72
As at 31 December 2019	26,080,500.19	197,513,564.07	7,226,324.94	230,820,389.20
Accumulated depreciation				
As at 1 January 2018	-	82,497,383.42	4,750,424.86	87,247,808.28
Depreciation	-	9,971,156.22	222,196.13	10,193,352.35
Disposals/transfer out	-	(38,294.97)	-	(38,294.97)
As at 31 December 2018	-	92,430,244.67	4,972,620.99	97,402,865.66
Depreciation	-	10,104,691.42	206,324.98	10,311,016.40
As at 31 December 2019	-	102,534,936.09	5,178,945.97	107,713,882.06
Net book value				
As at 31 December 2018	26,080,500.19	104,036,756.68	2,253,703.95	132,370,960.82
As at 31 December 2019	26,080,500.19	94,978,627.98	2,047,378.97	123,106,507.14

	Baht		
	Separate financial statements		
	Land	Building	Total
Cost			
As at 1 January 2018	26,080,500.19	195,237,987.60	221,318,487.79
Purchases/transfer in	-	1,267,495.25	1,267,495.25
Disposals/transfer out	-	(38,481.50)	(38,481.50)
As at 31 December 2018	26,080,500.19	196,467,001.35	222,547,501.54
Purchases/transfer in	-	1,046,562.72	1,046,562.72
As at 31 December 2019	26,080,500.19	197,513,564.07	223,594,064.26
Accumulated depreciation			
As at 1 January 2018	-	82,497,383.42	82,497,383.42
Depreciation	-	9,971,156.22	9,971,156.22
Disposals/transfer out	-	(38,294.97)	(38,294.97)
As at 31 December 2018	-	92,430,244.67	92,430,244.67
Depreciation	-	10,104,691.42	10,104,691.42
As at 31 December 2019	-	102,534,936.09	102,534,936.09
Net book value			
As at 31 December 2018	26,080,500.19	104,036,756.68	130,117,256.87
As at 31 December 2019	26,080,500.19	94,978,627.98	121,059,128.17

The Company entered into office rental agreements as follows:

	As at 31 December 2019		
	Lessee	Period	Rent per month (Million Baht)
Office rental agreement (Lessor)	Other company	1 - 3 Years	0.89
	Government agencies	1 Year	1.18

The Company

The fair values of the above investment properties have been determined based on valuations performed by the independent appraiser, which have the appraisal value in the amount of Baht 341.70 million (see Note 25), the method used to appraise the properties was Discounted Cash Flow Method (Income Approach), according to the appraisal report dated 24 December 2018.

The Company mortgaged land including existing construction as collateral for the credit facilities with financial institutions (see Note 15).

The Subsidiary

The fair values of the above investment properties has been determined based on valuations performed by the independent appraiser, which has the appraisal value in the amount of Baht 17.35 million (see Note 25), the method used to appraise the properties was Market Approach, according to the appraisal report dated 20 December 2018.

12. BUILDING AND EQUIPMENT

	Baht			
	Consolidated financial statements			
	Leasehold building			
	improvements	Office equipment	Vehicles	Total
Cost				
As at 1 January 2018	4,001,270.11	14,337,642.54	11,833,227.61	30,172,140.26
Purchases/transfer in	-	149,927.81	-	149,927.81
Disposals/transfer out	(500,000.00)	(4,328,084.27)	(1,295,969.00)	(6,124,053.27)
As at 31 December 2018	3,501,270.11	10,159,486.08	10,537,258.61	24,198,014.80
Purchases/transfer in	-	123,095.01	-	123,095.01
Disposals/transfer out	(1,687,308.12)	(3,010,700.91)	(876,014.02)	(5,574,023.05)
As at 31 December 2019	1,813,961.99	7,271,880.18	9,661,244.59	18,747,086.76
Accumulated depreciation				
As at 1 January 2018	3,453,831.27	13,378,671.38	11,073,106.21	27,905,608.86
Depreciation	80,935.08	300,211.68	444,472.65	825,619.41
Disposals/transfer out	(499,999.00)	(4,327,261.91)	(1,295,950.00)	(6,123,210.91)
As at 31 December 2018	3,034,767.35	9,351,621.15	10,221,628.86	22,608,017.36
Depreciation	79,229.68	285,159.79	315,611.75	680,001.22
Disposals/transfer out	(1,687,304.12)	(3,006,866.23)	(876,009.02)	(5,570,179.37)
As at 31 December 2019	1,426,692.91	6,629,914.71	9,661,231.59	17,717,839.21
Net book value				
As at 31 December 2018	466,502.76	807,864.93	315,629.75	1,589,997.44
As at 31 December 2019	387,269.08	641,965.47	13.00	1,029,247.55

Baht				
Separate financial statements				
Leasehold building				
	improvements	Office equipment	Vehicles	Total
Cost				
As at 1 January 2018	3,501,270.11	12,690,081.41	10,315,237.61	26,506,589.13
Purchases/transfer in	-	149,927.81	-	149,927.81
Disposals/transfer out	-	(4,001,255.76)	(1,113,979.00)	(5,115,234.76)
As at 31 December 2018	3,501,270.11	8,838,753.46	9,201,258.61	21,541,282.18
Purchases/transfer in	-	123,095.01	-	123,095.01
Disposals/transfer out	(1,687,308.12)	(2,226,680.03)	(876,014.02)	(4,790,002.17)
As at 31 December 2019	1,813,961.99	6,735,168.44	8,325,244.59	16,874,375.02
Accumulated depreciation				
As at 1 January 2018	2,953,832.27	11,731,286.25	9,555,119.21	24,240,237.73
Depreciation	80,935.08	300,211.68	444,472.65	825,619.41
Disposals/transfer out	-	(4,000,459.40)	(1,113,962.00)	(5,114,421.40)
As at 31 December 2018	3,034,767.35	8,031,038.53	8,885,629.86	19,951,435.74
Depreciation	79,229.68	285,159.79	315,611.75	680,001.22
Disposals/transfer out	(1,687,304.12)	(2,222,908.35)	(876,009.02)	(4,786,221.49)
As at 31 December 2019	1,426,692.91	6,093,289.97	8,325,232.59	15,845,215.47
Net book value				
As at 31 December 2018	466,502.76	807,714.93	315,628.75	1,589,846.44
As at 31 December 2019	387,269.08	641,878.47	12.00	1,029,159.55

Million Baht				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Depreciation for the years ended 31 December was included in				
Cost of services	0.14	0.15	0.14	0.15
Administrative expenses	0.54	0.67	0.54	0.67
	0.68	0.82	0.68	0.82
As at 31 December				
the carrying amount before accumulated depreciation				
which have been fully depreciated and still in use				
	16.14	21.17	14.27	18.51

14. TRADE AND OTHER PAYABLES

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade payables	12,284.84	1,367,880.19	12,284.84	885,610.19
Other payables	4,195,902.83	4,443,751.80	4,195,902.83	4,465,751.80
Retention	679,763.91	613,263.91	679,763.91	613,263.91
Accrued expenses	4,666,589.42	5,486,344.62	7,569,940.29	8,200,101.67
Total	<u>9,542,256.16</u>	<u>10,543,360.33</u>	<u>12,445,607.03</u>	<u>13,279,117.38</u>
Grand total	<u><u>9,554,541.00</u></u>	<u><u>11,911,240.52</u></u>	<u><u>12,457,891.87</u></u>	<u><u>14,164,727.57</u></u>

15. LOANS FROM FINANCIAL INSTITUTIONS

	Baht	
	Consolidated and separate financial statements	
	2019	2018
Loans from financial institutions	22,465,186.30	32,426,571.74
Less Current portion	(9,975,572.77)	(9,961,385.43)
Long-term loans from financial institutions	<u>12,489,613.53</u>	<u>22,465,186.31</u>

The details of the loans are summarized as follows:

Lender	Credit line (Million Baht)	Principal (Million Baht)		Repayment within periods	Referred interest rate per annum(%)	Repayment
		2019	2018			
The Company						
Bank	70	22.47	32.43	1 Feb 2022	MLR	Installment every 3 months totalling 28 installments from May 2015 to February 2022 - Baht 2.50 million per installment in 1 - 27 - The remaining in 28
Total		<u>22.47</u>	<u>32.43</u>			

Movements of loans from financial institutions for the years ended 31 December 2019 and 2018 were as follows:

	Baht	
	Consolidated and separate financial statements	
	2019	2018
Beginning balance	32,426,571.74	42,373,691.68
Decrease	(9,961,385.44)	(9,947,119.94)
Ending balance	<u>22,465,186.30</u>	<u>32,426,571.74</u>

The Company mortgaged investment properties (see Note 11) as collateral for the credit facilities with financial institutions, including the director also guarantee in fully amount.

16. EMPLOYEE BENEFIT OBLIGATIONS

Movement of the present value of employee benefit obligations for the years ended 31 December 2019 and 2018 was as follows:

	Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Post-employment benefit plan				
Beginning balance as at 1 January	1,375,537.74	1,720,707.74	977,006.74	1,524,764.74
Included in profit or loss :				
Current service cost	286,662.00	139,243.00	257,159.00	115,623.00
Interest cost	48,183.20	48,607.00	38,629.20	43,352.00
Included in other comprehensive income:				
Actuarial gain arising from:				
Demographic assumptions changes	-	(39,477.00)	-	(23,423.00)
Financial assumptions changes	-	(78,669.00)	-	(71,237.00)
Experience adjustments	(58,366.00)	(414,874.00)	-	(612,073.00)
Ending balance as at 31 December	<u>1,652,016.94</u>	<u>1,375,537.74</u>	<u>1,272,794.94</u>	<u>977,006.74</u>

As at 31 December 2019, The Group expected to pay of post-employment benefits during the next year in the amount of Baht 0.71 million in the consolidated financial statements and in the amount of Baht 0.53 million in the separate financial statements.

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for post-employment benefits in the consolidated and separate financial statements is approximately 10 years and 11 years, respectively.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2019 and 2018 are summarised belows:

	Baht			
	2019			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5 percent movement)	(61,899.00)	65,700.00	(48,110.00)	51,052.00
Salary increase rate (0.5 percent movement)	73,017.00	(69,284.00)	56,730.00	(53,837.00)
Turnover rate (0.5 percent movement)	(77,390.00)	82,143.00	(60,091.00)	(63,763.00)

	Baht			
	2018			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5 percent movement)	(50,394.00)	53,424.00	(38,924.00)	41,246.00
Salary increase rate (0.5 percent movement)	52,651.00	(50,073.00)	40,689.00	(38,690.00)
Turnover rate (0.5 percent movement)	(55,156.00)	58,432.00	(43,132.00)	45,663.00

The principal assumptions used in determining provision for retirement benefit on an actuarial basis as at 31 December 2019 and 2018 (expressed as weighted averages) are shown belows:

	Consolidated financial statements	Separate financial statements
Discount rate	3.12%, 2.46%, 3.25%	3.12%
Salary increase rate	3.99%	3.99%
Turnover rate	0% - 47%	0% - 47%
Mortality rate (Mortality Table)	Year 2017	Year 2017

The Group made define benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service year in various rates, such as employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days of the last month salary. The Group amended the post-employment benefits as the Labor Protection Act (No. 7) B.E. 2562 which was effective from 5 May 2019. As a result of the amendment, the Group recognised the additional past-employment benefit liabilities in the statement of financial position and the past service costs from the plan amendment as expenses in the profit or loss for the year ended 31 December 2019

17. SHARE PREMIUM

Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

18. LEGAL RESERVE

According to the Public Limited Companies Act, the Company is required to set aside as a statutory reserve of at least 5% of its net profit for the year less the deficit brought forward (if any) until the reserve reaches 10% of the registered share capital.

19. OTHER INCOME

Other income for the years ended 31 December 2019 and 2018 were as follow:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interest income	1,375,170.59	984,400.94	1,328,782.12	925,918.02
Others	1,629,267.62	226,309.80	1,788,624.51	811,009.64
Total	<u>3,004,438.21</u>	<u>1,210,710.74</u>	<u>3,117,406.63</u>	<u>1,736,927.66</u>

20. EXPENSES BY NATURE

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Employee expenses	17,023,504.52	18,158,123.60	14,559,923.52	15,865,783.12
Depreciation and amortization	11,023,918.24	11,053,573.71	10,817,593.26	10,831,377.58
Rental assets	4,343,904.00	4,341,378.67	4,343,904.00	4,341,378.67
Consultant fee	3,921,000.00	3,642,000.00	3,921,000.00	3,642,000.00
Special business tax	664,491.12	2,011,526.26	664,491.12	1,551,176.26
Utility expenses	11,000,109.88	9,762,435.80	10,880,076.35	9,539,769.22

21. INCOME TAX

Tax expense recognized in profit or loss for the years ended 31 December 2019 and 2018 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax				
Current year	-	(1,369,020.25)	-	-
Deferred tax				
Movements in temporary differences	(195,401.35)	(8,960,614.06)	(195,401.35)	(8,859,154.80)
Tax expense	(195,401.35)	(10,329,634.31)	(195,401.35)	(8,859,154.80)

Tax recognised in other comprehensive income for the years ended 31 December 2019 and 2018 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Employee benefit obligations	-	(106,604.00)	-	(141,346.60)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2019		2018	
	Tax rate (%)	Baht	Tax rate (%)	Baht
Loss before income tax		(24,990,880.91)		(19,474,423.98)
Income tax using the corporate tax rate	20	4,998,176.18	20	3,894,884.80
Revenues treated as revenues for tax purposes		(671,065.52)		(650,907.12)
Expenses not deductible for tax purposes		700,928.03		152,169.05
Revenues granted income tax exemption		6,387.23		22,687.42
Loss carry forward		(5,034,425.92)		(4,787,854.40)
Current tax	-	-	7	(1,369,020.25)
Movement in temporary differences		(195,401.35)		(8,960,614.06)
Tax expense	(1)	(195,401.35)	(53)	(10,329,634.31)

Reconciliation of effective tax rate

	Separate financial statements			
	2019		2018	
	Tax rate (%)	Baht	Tax rate (%)	Baht
Loss before income tax		(23,323,826.11)		(23,954,206.32)
Income tax using the corporate tax rate	20	4,664,765.22	20	4,790,841.26
Revenues treated as revenues for tax purposes		(342,145.84)		(354,317.27)
Expenses not deductible for tax purposes		395,192.00		13,984.21
Loss carry forward		(4,717,811.38)		(4,450,508.20)
Current tax	-	-	-	-
Movement in temporary differences		(195,401.35)		(8,859,154.80)
Tax expense	(1)	(195,401.35)	(37)	(8,859,154.80)

As at 31 December 2019 and 2018, the Group has deductible temporary differences and unused tax losses totaling Baht 184.29 million and Baht 176.34 million, respectively (the Company only: Baht 171.72 million and Baht 162.22 million respectively), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2019 and 2018, the above amount included unused tax losses amounting to Baht 95.70 million and Baht 77.88 million, respectively (the Company only: Baht 88.67 million and Baht 72.18 million respectively), will expire by 2020- 2024

22. PROVIDENT FUND

The Group and its employees jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to by both the employees and the Group. The Fund is managed by BBL Asset Management Co., Ltd. This fund is registered under the conditions of Ministry of Finance and the fund is managed by the approved fund manager.

23. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the directors of the Company.

The Group operated the business primarily development property, renting property and related services. Their operation is in a single geographic area primarily in Thailand which consider, basing on the types of activities, the operating income and expenses for the years ended 31 December 2019 and 2018 were as follow:

	Baht					
	Property development		Renting property		Total	
	2019	2018	2019	2018	2019	2018
Revenue from						
sales and services	19,920,000.00	60,580,000.00	32,729,445.41	28,774,133.73	52,649,445.41	89,354,133.73
Cost of sales and						
services	(16,072,537.74)	(42,248,825.15)	(19,054,431.30)	(18,171,679.57)	(35,126,969.04)	(60,420,504.72)
Gross profit	3,847,462.26	18,331,174.85	13,675,014.11	10,602,454.16	17,522,476.37	28,933,629.01

Significant assets and liabilities as at 31 December 2019 and 2018 were are follows:

	Baht					
	Property development		Renting property		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Cost of property development	203,623,242.96	218,849,287.14	-	-	203,623,242.96	218,849,287.14
Land held for development	30,000,000.00	30,000,000.00	-	-	30,000,000.00	30,000,000.00
Investment properties	-	-	123,106,507.14	132,370,960.82	123,106,507.14	132,370,960.82
Liabilities						
Trade and other payables	9,020,508.72	11,184,733.84	534,032.28	726,506.68	9,554,541.00	11,911,240.52
Estimate project cost	2,013,123.68	1,894,628.46	-	-	2,013,123.68	1,894,628.46
Provision	15,700,234.03	20,223,347.62	-	-	15,700,234.03	20,223,347.62
Loans from financial institutions	-	-	22,465,186.30	32,426,571.74	22,465,186.30	32,426,571.74

24. COMMITMENTS AND CONTINGENT LIABILITIES

The Company

As at 31 December 2019, the Company had commitments as follows:

- 24.1 Letter of guarantee issued by bank for public utility in the amount of Baht 5.73 million.
- 24.2 Payment under agreements as follows:
 - 24.2.1 Rental area and service with related parties at the rate of Baht 0.53 million per month.
 - 24.2.2 Services with other company at the rate of Baht 0.46 million per month.

Contingent liabilities

The Company

- 24.3 The Company was sued against breaking the contract of a project, which were summarized as follows:
 - 24.3.1 To revoke the juristic act regarding transfer land for public interest.
 - 24.3.2 To maintain public utilities and services.
 - 24.3.3 To obtain an approval of land allocation for the project.
 - 24.3.4 To pay fine at the rate of Baht 3,000 per day throughout the period that the Company neglect to engage in the above mentioned in No. 2 and 3.

On 25 January 2018, the Civil Court ordered the Company to responsible for maintain public utilities and services, the other requirements of the plaintiff's claim are dismissal. On 8 August 2019, the Appeal Court judged according to the Civil Court. Currently, the Company has filed a petition for the judgment of the Appeal Court to the Supreme Court.

- 24.4 The Company was sued against breaking the contract of a project about providing public utilities. If the Company not deliver the public utilities, the Company has to pay the plaintiffs Baht 259.44 million together with interest at a rate of 7.5% per annum. On 24 July 2018, the Civil Court ordered the Company to complete public utilities within 6 months according to the compromise agreement. Currently, such public utilities is under construction.
- 24.5 The Company and subsidiary were sued to transfer the ownership of the public utilities of a project (joint defendant). On 26 December 2018, the Civil Court ordered the Company and joint defendants to transfer a project's ownership to be common ownership, payment for the transferring and pay the plaintiffs Baht 0.50 million together with interest at a rate of 7.5% per annum. . On 19 December 2019, the Appeal Court judged according to the Civil Court, to transfer a project's ownership to be common ownership. The claims from plaintiffs Baht 0.50 million together with interest at a rate of 7.5% per annum are dismissal.

However, the management has assessed the effects to estimate the provision for litigation and claims as recorded under the account "Provision"

25 FAIR VALUE HIERARCHY

As at 31 December 2019 and 2018, the Group had the assets that were disclosed at fair value using different levels of inputs as follows:

	Baht			
	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	17,350,000.00	341,700,000.00	359,050,000.00

	Baht			
	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment properties	-	-	341,700,000.00	341,700,000.00

During the year, there was no transfer within the fair value hierarchy (see Note 11).

26 FINANCIAL INSTRUMENTS

The Group has no policy to speculate or trade in any financial instrument derivatives.

Accounting policies

Details of significant accounting policies, methods adopted, including the bases on which income and expenses are recognized, in respect of each class of financial assets or financial liabilities are disclosed in Note 3.

Significant risks of the financial instruments are summarized as follows:

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

Credit risk

Credit risk arises from the failure of the counterparties to make debt payments, which causes losses in the Company. The Company has managed credit risk through the analysis of the counterparties' financial status. The Group believes that the maximum value of risk equals the carrying amount of receivables deducted by allowance for doubtful accounts as presented in the statements of financial position.

Interest rate risk

Interest rate risk occurs when the value of the financial instrument changes in line with the fluctuation of market interest rates.

The Group borrowed loans for use in the operations and the project development with interest payments at both fixed and floating rates. The Group does not use any financial instruments to reduce the uncertainty of future cash flows that may occur from changes of interest rates.

Liquidity risk

Liquidity risk of fund mobilization arises from the difficulty to mobilize funds timely and to adequately accommodate commitments under the financial instruments. Liquidity risk may arise from the failure to timely sell financial assets at the price close to the fair value.

Most of the Group's financial assets consist of cash and cash at banks, current investments, and other receivables. The ability of timely fund mobilization to adequately accommodate commitments under the financial instruments depends on the debt service capacity of subsidiaries and other companies and the receipts of payments from the completed projects having signed sales and purchase contracts from customers.

Fair value

Since most of the financial assets and financial liabilities are short-term and long-term loans with the market interest rates, the management of the Group believes that the fair value of such financial assets and financial liabilities will not be materially different from their book value.

27 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on 27 February 2020

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
ASSETS					
	3				
Current assets					
Cash and cash equivalents	5	41,917,316.67	54,879,993.52	32,786,462.76	43,462,481.05
Current investments		96,705,513.36	95,636,071.44	96,705,513.36	95,636,071.44
Other receivables	4, 6	5,324,393.77	5,443,063.17	3,974,518.29	4,016,962.74
Cost of property development	7	203,623,242.96	218,849,287.14	195,559,475.05	210,785,519.23
Other current assets		518,275.45	1,422,184.35	362,021.71	1,221,870.48
Total current assets		<u>348,088,742.21</u>	<u>376,230,599.62</u>	<u>329,387,991.17</u>	<u>355,122,904.94</u>
Non-current assets					
Restricted bank deposits	8	954,920.00	954,920.00	954,920.00	954,920.00
Investments in subsidiaries	4, 9	-	-	126,838,567.44	128,422,532.65
Land held for development	10	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00
Investment properties	11, 25	123,106,507.14	132,370,960.82	121,059,128.17	130,117,256.87
Building and equipment	12	1,029,247.55	1,589,997.44	1,029,159.55	1,589,846.44
Intangible assets		62,102.82	52,845.44	62,095.82	52,838.44
Deferred tax assets	13	-	195,401.35	-	195,401.35
Other non-current assets	4	5,851,577.12	7,354,718.33	5,839,730.80	7,339,135.88
Total non-current assets		<u>161,004,354.63</u>	<u>172,518,843.38</u>	<u>285,783,601.78</u>	<u>298,671,931.63</u>
Total assets		<u><u>509,093,096.84</u></u>	<u><u>548,749,443.00</u></u>	<u><u>615,171,592.95</u></u>	<u><u>653,794,836.57</u></u>

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY	3				
Current liabilities					
Trade and other payables	4, 14	9,554,541.00	11,911,240.52	12,457,891.87	14,164,727.57
Current portion of liabilities	15	9,975,572.77	9,961,385.43	9,975,572.77	9,961,385.43
Short-term loans from related parties	4	-	-	125,916,758.07	127,416,758.07
Income tax payable		-	697,535.75	-	-
Estimate project cost		2,013,123.68	1,894,628.46	1,921,984.50	1,766,623.04
Provision	24	15,700,234.03	20,223,347.62	14,937,187.62	19,460,301.21
Other current liabilities		8,595,308.63	5,563,498.65	10,036,468.11	7,483,819.20
Total current liabilities		45,838,780.11	50,251,636.43	175,245,862.94	180,253,614.52
Non-current liabilities					
Long-term loans from financial institutions	15	12,489,613.53	22,465,186.31	12,489,613.53	22,465,186.31
Employee benefit obligations	16	1,652,016.94	1,375,537.74	1,272,794.94	977,006.74
Other non-current liabilities		2,432,189.00	2,848,669.00	2,432,189.00	2,848,669.00
Total non-current liabilities		16,573,819.47	26,689,393.05	16,194,597.47	26,290,862.05
Total liabilities		62,412,599.58	76,941,029.48	191,440,460.41	206,544,476.57
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
336,000,000 ordinary shares, Baht 1 par value		336,000,000.00	336,000,000.00	336,000,000.00	336,000,000.00
Issued and paid-up share capital					
336,000,000 ordinary shares, fully paid-up		336,000,000.00	336,000,000.00	336,000,000.00	336,000,000.00
Premium on share capital	17	88,750,822.16	88,750,822.16	88,750,822.16	88,750,822.16
Retained earnings (deficit)					
Appropriated - legal reserve	18	13,287,118.97	13,287,118.97	13,287,118.97	13,287,118.97
Unappropriated (deficit)		8,642,556.13	33,770,472.39	(14,306,808.59)	9,212,418.87
Total shareholders' equity		446,680,497.26	471,808,413.52	423,731,132.54	447,250,360.00
Total liabilities and shareholders' equity		509,093,096.84	548,749,443.00	615,171,592.95	653,794,836.57

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
	3				
Revenue from sales and services		52,649,445.41	89,354,133.73	52,649,445.41	75,404,133.73
Cost of sales and services		(35,126,969.04)	(60,420,504.72)	(35,126,969.04)	(55,099,775.09)
Gross profit		17,522,476.37	28,933,629.01	17,522,476.37	20,304,358.64
Other income	4, 19	3,004,438.21	1,210,710.74	3,117,406.63	1,736,927.66
Distribution costs	20	(4,767,207.49)	(6,569,472.23)	(4,767,207.49)	(5,556,009.41)
Administrative expenses	4, 20	(39,288,889.37)	(41,042,496.60)	(37,734,802.99)	(38,432,688.31)
Finance costs		(1,461,698.63)	(2,006,794.90)	(1,461,698.63)	(2,006,794.90)
Loss before income tax		(24,990,880.91)	(19,474,423.98)	(23,323,826.11)	(23,954,206.32)
Tax expense	21	(195,401.35)	(10,329,634.31)	(195,401.35)	(8,859,154.80)
Loss for the year		(25,186,282.26)	(29,804,058.29)	(23,519,227.46)	(32,813,361.12)
Other comprehensive income (loss):					
Components of other comprehensive income that will not be reclassified to profit or loss					
Defined benefit plans actuarial gain		58,366.00	533,020.00	-	706,733.00
Income tax relating to components of other comprehensive					
income that will not be reclassified to profit or loss	21	-	(106,604.00)	-	(141,346.60)
Other comprehensive income for the year - net of tax		58,366.00	426,416.00	-	565,386.40
Total comprehensive loss for the year		(25,127,916.26)	(29,377,642.29)	(23,519,227.46)	(32,247,974.72)
Loss per share					
Basic loss per share	3	(0.07)	(0.09)	(0.07)	(0.10)
Weighted average number of ordinary shares (shares)	3	336,000,000	336,000,000	336,000,000	336,000,000

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Baht				
	Consolidated financial statements				
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
			Appropriated	Unappropriated	
Beginning balance as at 1 January 2018	336,000,000.00	88,750,822.16	13,287,118.97	63,148,114.68	501,186,055.81
Changes in shareholders' equity					
Loss for the year	-	-	-	(29,804,058.29)	(29,804,058.29)
Other comprehensive income for the year	-	-	-	426,416.00	426,416.00
Ending balance as at 31 December 2018	336,000,000.00	88,750,822.16	13,287,118.97	33,770,472.39	471,808,413.52
Changes in shareholders' equity					
Loss for the year	-	-	-	(25,186,282.26)	(25,186,282.26)
Other comprehensive income for the year	-	-	-	58,366.00	58,366.00
Ending balance as at 31 December 2019	336,000,000.00	88,750,822.16	13,287,118.97	8,642,556.13	446,680,497.26

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2019

	Baht				Total
	Separate financial statements				
	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficit)		
		Appropriated	Unappropriated		
Beginning balance as at 1 January 2018	336,000,000.00	88,750,822.16	13,287,118.97	41,460,393.59	479,498,334.72
Changes in shareholders' equity					
Loss for the year	-	-	-	(32,813,361.12)	(32,813,361.12)
Other comprehensive income for the year	-	-	-	565,386.40	565,386.40
Ending balance as at 31 December 2018	336,000,000.00	88,750,822.16	13,287,118.97	9,212,418.87	447,250,360.00
Changes in shareholders' equity					
Loss for the year	-	-	-	(23,519,227.46)	(23,519,227.46)
Ending balance as at 31 December 2019	336,000,000.00	88,750,822.16	13,287,118.97	(14,306,808.59)	423,731,132.54

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities:				
Loss before income tax	(24,990,880.91)	(19,474,423.98)	(23,323,826.11)	(23,954,206.32)
Adjustments to reconcile loss before income tax to net cash provided by (used in) operating activities				
Bad debts and doubtful debts	996,972.17	-	980,750.37	-
Loss on impairment	-	-	1,583,965.21	1,670,434.96
Depreciation and amortization	11,023,918.24	11,053,573.71	10,817,593.26	10,831,377.58
(Gain) loss on disposal and written-off assets	(10,178.32)	1,029.89	(10,241.32)	1,000.89
Interest income	(1,375,170.59)	(984,400.94)	(1,328,782.12)	(925,918.02)
Interest expense	1,461,698.63	2,006,794.90	1,461,698.63	2,006,794.90
Income from written off liabilities	(1,196,046.69)	-	(735,776.69)	-
Provision for litigation and claims	-	1,526,092.82	-	763,046.41
Employee benefit obligations	334,845.20	187,850.00	295,788.20	158,975.00
Loss from operating activities before changes in operating assets and liabilities	(13,754,842.27)	(5,683,483.60)	(10,258,830.57)	(9,448,494.60)
Changes in operating assets (increase) decrease				
Other receivables	6,502.73	(3,620,469.36)	(53,500.42)	(2,229,863.03)
Payment for short-term loans to related party	-	-	(50,000.00)	-
Proceeds from short-term loans to related party	-	-	50,000.00	-
Cost of property development	15,226,044.18	39,357,846.34	15,226,044.18	34,102,617.49
Other current assets	(64,275.12)	116,397.44	(108,335.25)	36,363.43
Other non-current assets	(8,358.76)	13,539.32	(12,558.76)	(13,748.50)
Changes in operating liabilities increase (decrease)				
Trade and other payables	(1,010,118.58)	1,965,631.05	(820,524.76)	453,727.13
Estimate project cost	118,495.22	(70,189.67)	155,361.46	(81,160.29)
Provision	(4,523,113.59)	(538,744.20)	(4,523,113.59)	(538,744.20)
Other current liabilities	3,031,809.98	(1,983,312.41)	2,552,648.91	(2,583,345.01)
Other non-current liabilities	(316,480.00)	334,857.21	(316,480.00)	334,857.21
Cash generated from (used in) operations	(1,294,336.21)	29,892,072.12	1,840,711.20	20,032,209.63
Interest received	1,358,549.11	937,399.87	1,312,160.64	878,916.95
Income tax paid	(1,662,505.97)	(2,112,462.89)	(964,506.35)	(1,183,668.18)
Proceeds from income tax refund	2,476,470.19	1,939,201.94	2,476,470.19	1,939,201.94
Net cash provided by operating activities	878,177.12	30,656,211.04	4,664,835.68	21,666,660.34

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Baht			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities:				
Increase in current investments	(1,069,441.92)	(40,485,217.12)	(1,069,441.92)	(40,485,217.12)
Purchases of investment properties	(1,046,562.72)	(1,267,495.25)	(1,046,562.72)	(1,267,495.25)
Purchases of equipment	(123,095.01)	(149,927.81)	(123,095.01)	(149,927.81)
Purchases of intangible assets	(42,158.00)	(7,290.00)	(42,158.00)	(7,290.00)
Proceeds from sales of assets	14,022.00	-	14,022.00	-
Net cash used in investing activities	(2,267,235.65)	(41,909,930.18)	(2,267,235.65)	(41,909,930.18)
Cash flows from financing activities:				
Proceeds from short-term loans from related parties	-	-	-	10,000,000.00
Repayments of short-term loans from related parties	-	-	(1,500,000.00)	(1,500,000.00)
Repayment of loans from financial institutions	(9,961,385.44)	(9,947,119.94)	(9,961,385.44)	(9,947,119.94)
Repayment of liabilities under finance lease	-	(296,303.75)	-	(296,303.75)
Interest paid	(1,612,232.88)	(2,054,137.37)	(1,612,232.88)	(2,054,137.37)
Net cash used in financing activities	(11,573,618.32)	(12,297,561.06)	(13,073,618.32)	(3,797,561.06)
Net decrease in cash and cash equivalents	(12,962,676.85)	(23,551,280.20)	(10,676,018.29)	(24,040,830.90)
Cash and cash equivalents at the beginning of year	54,879,993.52	78,431,273.72	43,462,481.05	67,503,311.95
Cash and cash equivalents at the end of year	41,917,316.67	54,879,993.52	32,786,462.76	43,462,481.05