

DHOUSE PATTANA COMPANY LIMITED

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019



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AUDITOR'S REPORT

To the Shareholders of Dhouse Pattana Company Limited

Opinion

I have audited the accompanying financial statements of Dhouse Pattana Company Limited (“the Company”), which comprise the statement of financial position as at December 31, 2019, the statements of comprehensive income, changes in shareholders’ equity and 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 financial statements present fairly, in all material respects, the financial position of Dhouse Pattana Company Limited as at December 31, 2019, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accounts issued by the Federation of Accounting Professions that are relevant to my audit of the 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.

Emphasis of Matter

I draw attention to notes 1 and 2 to the financial statements, on April 18, 2018, Dhouse Pattana Company Limited and Dhouse Homecenter Company Limited registered the amalgamation into a new company named Dhouse Pattana Company Limited. The amalgamation business combination is considered as a business combination under common control by the same group of people before and after the business combination.

During the year 2019, the Company has changed its basis of preparation of the financial statements from Thai Financial Reporting Standards for Non-Publicly Accountable Entities to Thai Financial Reporting Standards for Publicly Accountable Entities. Therefore, the statement of financial position as at January 1, 2018 which have been presented herewith for comparative information has been prepared by consolidating financial statements of each company as if business combination had occurred since January 1, 2018.

My opinion on financial statements is not qualified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Kraisit S.

(Kraisit Silapamongkonkul)
Certified Public Accountant
Registration Number 9429

Siam Truth Audit Company Limited
Bangkok, February 25, 2020

DHOUSE PATTANA COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

Baht

		December 31,	December 31,	January, 1
	Note	2019	2018	2018
Assets				
Current assets				
Cash and cash equivalents	5	31,266,237	245,076	2,603,711
Other receivables		5,413	14,331	26,927
Cost of property development	4, 6	149,588,416	193,655,928	175,006,511
Inventories		1,072,422	2,027,061	2,430,159
Other current assets		483,554	1,591,246	108,873
Total current assets		182,416,042	197,533,642	180,176,181
Non-current assets				
Restricted bank deposits		236,178	119,889	-
Land held for development	7	528,899,875	528,899,875	536,248,433
Building and equipment	8	10,720,406	3,788,453	3,342,386
Intangible assets		840,404	669,474	653,436
Deferred tax assets	9	882,821	391,122	-
Other non-current assets	10	5,665,835	4,318,854	1,719,640
Total non-current assets		547,245,519	538,187,667	541,963,895
Total assets		729,661,561	735,721,309	722,140,076

DHOUSE PATTANA COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

Baht

		December 31,	December 31,	January, 1
	Note	2019	2018	2018
Liabilities and shareholders' equity				
Current liabilities				
Bank overdraft and short-term loans				
from financial institutions	11	140,386,169	5,691,178	3,508,532
Trade and other payables	4, 12	2,313,833	4,682,879	4,250,210
Current portion of liabilities	13	671,696	88,805,599	81,250,000
Short-term loans from related persons	4	200,180,927	283,776,699	256,312,628
Income tax payable		3,673,638	585,857	608,691
Advance received		599,860	11,090,000	12,112,000
Other current liabilities		977,008	694,511	509,051
Total current liabilities		348,803,131	395,326,723	358,551,112
Non-current liabilities				
Long-term loans from financial institutions	14	22,691,290	28,156,124	61,336,044
Long-term liabilities under finance leases	15	1,480,366	-	-
Provisions for employee benefit	16	1,448,181	1,145,962	613,298
Other non-current liabilities		3,995,192	562,006	425,624
Total non-current liabilities		29,615,029	29,864,092	62,374,966
Total liabilities		378,418,160	425,190,815	420,926,078
Shareholders' equity				
Share capital				
Authorized share capital				
	17			
3,600,000 ordinary shares in year 2019, Baht 86.50 par value				
and in year 2018, Baht 100 par value		311,400,000	360,000,000	360,000,000
Issued and paid-up share capital				
3,600,000 ordinary shares in year 2019, Baht 86.50 par value				
and in year 2018, Baht 100 par value, fully paid-up		311,400,000	360,000,000	360,000,000
Retained earnings (deficit)		39,843,401	(49,469,506)	(58,786,002)
Total shareholders' equity		351,243,401	310,530,494	301,213,998
Total liabilities and shareholders' equity		729,661,561	735,721,309	722,140,076

DHOUSE PATTANA COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

Baht

	Note	2019	2018
Revenues from sales	4	141,822,883	67,497,244
Cost of sales	6, 18	(66,357,913)	(26,817,138)
Gross profit		75,464,970	40,680,106
Other income		387,347	215,033
Selling expenses	18	(6,825,047)	(4,388,526)
Administrative expenses	4, 18	(14,623,299)	(18,005,165)
Finance costs	4, 19	(4,094,743)	(6,559,769)
Profit before income tax		50,309,228	11,941,679
Tax expense	20	(9,596,321)	(2,403,933)
Profit for the year		40,712,907	9,537,746
Other comprehensive income (loss)			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial loss	16	-	(276,562)
Income tax relating to items that will never be reclassified to profit or loss	9, 20	-	55,312
Other comprehensive loss - net of tax		-	(221,250)
Total comprehensive income		40,712,907	9,316,496
Earnings per share			
Basic earnings per share		11.31	2.29
Weighted average number of ordinary shares (shares)		3,600,000	4,161,850

DHOUSE PATTANA COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

Baht

	Note	Issued and paid-up share capital	Retained earnings (deficit)	Total
Balance as at January 1, 2018		360,000,000	(58,786,002)	301,213,998
Total comprehensive income		-	9,316,496	9,316,496
Balance as at December 31, 2018		360,000,000	(49,469,506)	310,530,494
Decrease in ordinary shares	17	(48,600,000)	48,600,000	-
Total comprehensive income		-	40,712,907	40,712,907
Balance as at December 31, 2019		311,400,000	39,843,401	351,243,401

DHOUSE PATTANA COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Baht

	2019	2018
Cash flows from operating activities		
Profit before income tax	50,309,228	11,941,679
Adjustments to reconcile profit before income tax to cash generated (paid) from operating activities		
Depreciation and amortization	1,017,136	1,093,087
Finance costs	4,016,578	6,416,645
Cash flow before changes in operating assets and liabilities	55,342,942	19,451,411
Changes in operating assets and liabilities		
Other receivables	8,919	12,596
Cost of property development	44,532,154	(8,365,820)
Inventories	954,639	403,098
Other current assets	1,107,692	(1,482,373)
Restricted bank deposits	(116,289)	(119,889)
Other non-current assets	(1,348,632)	(2,377,213)
Trade and other payables	(2,031,087)	556,550
Advance received	(10,490,140)	(1,022,000)
Other current liabilities	282,497	185,460
Provisions for employee benefit	302,219	256,102
Other non-current liabilities	3,433,186	136,382
Cash generated from operations	91,978,100	7,634,304
Income tax paid	(6,998,588)	(2,984,579)
Net cash provided by operating activities	84,979,512	4,649,725

DHOUSE PATTANA COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Baht

	2019	2018
Cash flows from investing activities		
Purchase of building and equipments	(5,114,802)	(1,467,057)
Purchase of intangible assets	(258,458)	(88,134)
Net cash used in investing activities	(5,373,260)	(1,555,191)
Cash flows from financing activities		
Increase in bank overdraft and short-term loans		
from financial institutions	134,694,991	2,182,646
Proceeds from short-term loan from related persons	94,580,000	196,559,248
Repayment for short-term loan from related persons	(178,175,772)	(169,095,177)
Proceeds from long-term loans from financial institutions	-	49,361,438
Repayment for long-term loans from financial institutions	(94,270,433)	(74,985,759)
Repayment for liabilities under finance leases	(594,697)	-
Finance cost paid	(4,819,180)	(9,475,565)
Net cash used in financing activities	(48,585,091)	(5,453,169)
Net increase (decrease) in cash and cash equivalents	31,021,161	(2,358,636)
Cash and cash equivalents at the beginning of the year	245,076	2,603,711
Cash and cash equivalents at end of the year	31,266,237	245,076

Additional details of non-cash items

In year 2019, the Company had purchased the vehicles at cost in the amount of Baht 3.92 million paid by cash of Baht 1.17 million and the remaining amount had been made by entering into a finance lease agreement.

DHOUSE PATTANA COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

Dhouse Pattana Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 99 Sarakham-Wapi Pathum Road, Talat, Mueang Maha Sarakham, Maha Sarakham.

The principal activities of the Company involve property development.

On April 18, 2018, Dhouse Pattana Company Limited and Dhouse Homecenter Company Limited registered the amalgamation into a new company named Dhouse Pattana Company Limited.

The financial statements have been approved for issue by the Board of Directors of the Company on February 25, 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), including the related interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”) and the financial reporting requirements of the Securities and Exchange Commission.

The financial statements are presented in Thai Baht, which is the Company’s functional currency. The preparation of these financial statements is in Thai and English language and issued for Thai reporting purposes.

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 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.

Changes in basis of preparation of the financial statements

During the year 2019, the Company has changed its basis of preparation of the financial statements from Thai Financial Reporting Standards for Non-Publicly Accountable Entities to Thai Financial Reporting Standards for Publicly Accountable Entities. These changes do not have any significant impact on the financial statements of the Company.

Business combination under common control

On April 18, 2018, Dhouse Pattana Company Limited and Dhouse Homecenter Company Limited registered the amalgamation into a new company named Dhouse Pattana Company Limited. The shareholders of the Company have thoroughly controlled the operations of both companies before and after the business combination, therefore, this business combination is considered as a business combination under common control.

New TFRS

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

During the year, the Company have adopted the new and revised TFRS which are effective for fiscal period beginning on or after January 1, 2019. These TFRS were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision and clarification of interpretations and accounting guidance and disclosures in the financial statement to users of TFRS. The adoption of these TFRS does not have any significant impact on the Company's financial statements.

b) Financial reporting standard that will become effective in the future

The Federation of Accounting Professions issued of new and revised financial reporting standards and interpretations including accounting guidance, 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 revision and clarification of interpretations and accounting guidance and disclosures in the notes to the financial statements to users of TFRS, except a set of 5 financial reporting standards related to financial instruments and TFRS 16 Leases that have changed key principles of these standards are summarized below.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five TAS, TFRS and TFRIC as follow:

- 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 TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized 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.

This TFRS replaces the TAS, TFRS, TSIC and accounting guidance (“AG”) as follows:

- TAS 101 Bad and Doubtful Debts
- TAS 103 Disclosures in the Financial Statements of Bank and Similar Financial Institutions
- TAS 104 (revised 2016) Accounting for Troubled Debt Restructuring
- TAS 105 (revised 2016) Accounting for Investment in Debts and Equity securities
- TAS 106 Accounting for Investment Companies
- TAS 107 (revised 2016) Financial Instruments: Disclosure and Presentation
- TSIC for Asset Transferred by Debtors for Debt Settlement
- AG for derecognition of financial assets and financial liabilities
- AG for insurance business to designation of financial instruments at fair value through profit or loss

TFRS 16 Leases

TFRS 16 Leases establishes principles for the recognition, measurement, presentation and disclosure of leases, requiring lessees to recognise assets and liabilities for all leases which the lease term is over 12 months. There are substantially unchanged to lessor accounting from its predecessor, lessors continue to classify leases as operating or finance.

This TFRS replaces the TAS, TSIC and TFRIC as follows:

- TAS 17 (revised 2018) Leases
- TSIC 15 (revised 2018) Operating Leases-Incentives
- TSIC 27 (revised 2018) Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- TFRIC 4 (revised 2018) Determining whether an Arrangement contains a Lease

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

3. 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

Revenue is measured at the fair value of the standalone selling price of each performance obligation in contracts.

Revenue from contracts with multiple elements are allocated by fair value of standalone selling price in each performance obligation. In case of contracts have both obligations to perform at point of time and overtime, difference from revenue recognition and performance obligations at the beginning of contracts is recognized as contract assets or contract liabilities and recognized over the contract's periods.

Revenue from sale of real estate

Revenue from sale of real estate is recognized at the point in time when control of land and houses is transferred to the customer, generally when the Company transfers the ownership (Freehold) to the customer.

Revenue is measured at the amount of the consideration received or receivable of land and residential after deducting discounts and consideration payable to a customer.

Sale of real estate contract, which includes provision for items without charge or the sales price includes the price of various premiums such as furniture and fixtures because the free of charge items are component parts of real estates, which are the main performance obligations under the contracts. In the event that the Company has not yet delivered any premiums to the customer, the Company has to adjust revenue from sale of real estate for premiums and record such value as deferred revenue from sale of real estate. The costs of provision for items without charge are recognized as part of cost of sale of real estate.

The Company makes payments such as registration fee for the transfer of real estates and common area fee to the juristic person of real estate projects on behalf of customers. If the Company receives distinct goods or services from the customer, the Company recognizes such payments as an expense when the distinct goods or services are consumed. But if not, such payments are recognized as a reduction of revenue.

For sale of real estate with warranties to assure that the goods complies with agree-upon specifications, the Company recognized the warranty according to TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Advances received from customers

Advances received from customers is classified as current liabilities and recognized as revenue when the Company transferred control over the goods to the customers. For the advances that contain a significant financing component, they include the interest expense accreted on the contract liability under the effective interest method. The Company uses practical expedient which is not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Rental income and its related services

Rental income and its related services are recognized on a straight-line basis over the term of the lease. Contingent rentals are recognized as income in the accounting period in which they are occurred. The related service income is recognized over the term of the lease.

Consideration payable to the customer

The Company recognized for consideration payable to the customer as a reduction of the revenue.

Interest income

Interest income is recognized as income on an accrual basis, based on the effective rate method.

Other income

Other income is recognized on an accrual basis.

Expenses

Costs of obtaining a contract

Costs of obtaining a contract is commission paid to obtain a customer contract recorded as an asset. An impairment loss is recognized to the extent that the carrying amount of an asset recognized exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

The Company amortized costs of obtaining a contract on a systematic basis that is consistent with the pattern of revenue recognition for the related contract.

Costs of obtaining a contract which its amortization period of the asset that the Company otherwise would have used is one year or less, costs to obtain a contract are immediately recognized as expenses.

Operating leases

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

Finance cost

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 component of finance lease payments is recognized in the statements of comprehensive income using the effective interest rate method.

Expenses are recognized on an accrual basis.

Employee benefits

Short-term benefits

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

Post-employment benefits – defined benefit plan

The employee benefits obligations in relation to the severance payment under the labor law 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 Company 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 employee benefits are improved, the portion of the increased benefit relating to past service rendered by employee is recognized in the statements of comprehensive income on a straight-line basis over the average period until the benefits become vested.

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

Termination benefits

The Company recognizes termination benefits as a liability and expense when the Company terminates the employment of an employee or group of employees before the normal retirement date.

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax is 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 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 Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company to change their 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 recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. 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 realized.

Cash and cash equivalents

Cash and cash equivalents are cash on hand, current deposits and savings deposits, cash at bank with an original maturity of 3 months and short-term investments with high liquidity excluded deposits at bank on obligation.

Other receivables

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

The Company records allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables.

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, which is the value after recognized the cost of property sold.

Cost comprises cost of land, construction costs, including the capitalized borrowing cost for property development.

The details of cost calculation

- | | | |
|----------------------------|---|---|
| Land | - | Purchase price of land, cost for the acquisition and development of land using the average method and allocating based on salable area for each project. |
| Construction | - | Construction cost comprises <ol style="list-style-type: none">1) The design fees, construction cost of utilities and public facilities. Direct costs relating to property development are allocated based on salable area.2) Construction costs are allocated based on salable area. |
| Capitalized borrowing cost | - | Interest expense and fee incurred from loans in bringing the property development, arising before the project will be fully developed, are allocated based on actual incurred relevant to land and construction. |

Net realizable value is the estimated selling price in the normal course of business less estimated costs to make the sale.

Selling expenses such as specific business tax, transfer fee and commission are recognized as expenses in the period that sales incur.

Loss on devaluation of cost of property development is recognized in the statement of comprehensive income.

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

Cost of property development are estimated from the total cost incurred until the project fully completed, considering by their experiences in property business. The estimation is also regularly reviewed.

Capitalization of interest cost

Interest cost especially from loan incurred in bringing land and project development, is capitalized as part of the cost of those assets until the projects is completed or break down or when the construction is condition necessary for it to be capable of operating for their intended use. The capitalization of interest shall be resumed when the project is re-activated.

Inventories

Inventories are stated at the lower of cost using first-in, first-out cost method or net realizable value.

Cost comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the normal course of business less the costs to make the sale.

An allowance for devaluation of inventories is made for all deteriorated, damaged, obsolete and slow-moving inventories.

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 comprises of cost of land and related expenses.

Loss on impairment of assets is included in the statements of comprehensive income.

Building and equipment

Owned assets

Building and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of building and equipment have different consumption patterns or useful lives, they are accounted for as separate items (major components) of building and equipment.

Gains and losses on disposal of an item of building and equipment are determined by comparing the proceeds from disposal with the carrying amount of building and equipment, and are recognized net within income or expenses in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Reclassification to investment properties

When the use of a property changes from owner-occupied to investment properties, its carrying amount is recognized and reclassified as investment properties.

Subsequent costs

The cost of replacing a part of an item of building and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, 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 recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

	<i>Years</i>
Buildings	5, 10 and 20
Machinery and equipment	5
Office equipment	5
Vehicles	5 and 10

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on assets under construction.

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

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate.

Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized 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:

	<i>Years</i>
Software license	10

No amortization is provided on assets under development.

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

Gains and losses on disposal by comparing the proceeds from disposal with the carrying amount and are included in expenses in profit or loss.

Impairment

The carrying amounts of the Company's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the current fair value and acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. 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.

Reversals of impairment

An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. 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 accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

Finance lease

The Company recognized finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Provisions

A provision is recognized in the statement of financial position when the Company 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.

Estimated cost of property development

The cost of utilities and public facilities under construction of land and houses, that the revenue from sales have been already recognized, are estimated by calculating the quantity and value of materials used in each project, including labor cost and other related expenses necessary used to complete the project. The changes of materials price, labor cost and other related expenses are also determined. The estimated cost are regularly reviewed and at each time that actual cost incurred are materially different from the cost estimates.

Basic earnings per share

Basic earnings per share is calculated by dividing profits for the years by the weighted average number of ordinary shares issued during the years, after adjusting the number of ordinary shares for the year ended December 31, 2018 to reflect the impact of the changing the par value (see note 17). The prior year's basic earnings per share have been recalculated as if the changing the par value had been distributed at the beginning of the earliest period reported.

For the years ended December 31, 2019 and 2018 were as follows:

	<i>Baht</i>	
	2019	2018
Profit for the year	40,712,907	9,537,746
Weighted average number of ordinary shares (Shares)		
Ordinary shares at the beginning of year	3,600,000	3,600,000
Reduction of ordinary shares	-	561,850
Weighted average number of ordinary shares	3,600,000	4,161,850
Basic earnings per shares	11.31	2.29

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 Company 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 Company 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.

4. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties. These parties are related through common shareholders and/or directorships or a close family member. The significant transactions with related parties as included in the financial statements are determined at the prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

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

		<i>Baht</i>
	2019	2018
Sarakham Petroleum Co., Ltd.		
Purchase cost of property development	54,400	6,200
Other expenses	9,185	148,372
Farmmart Moderntrade Co., Ltd.		
Other expenses	-	8,505
C.S.K Service Co., Ltd.		
Other expenses	-	42,530
Directors		
Rental of land including construction	95,833	96,000
Related persons		
Revenue from sale	34,235,000	30,706,650
Interest expenses	597,192	38,904

Significant agreements

The Company entered into the rental agreement for land with related persons at a yearly rental of Baht 230,000 and rental shall be increased every 3 years at the rate of 10% of previous rental. The rental agreement has a period of 10 years starting from December 1, 2019 to November 30, 2029 and may be renewed for 4 times of 10 years each.

The Company entered into the rental agreement for land including warehouse with related person at a monthly rental of Baht 10,000. The rental period of 3 years starting from June 1, 2019 to May 31, 2022.

During the year 2019, the Company revised the agreement to change the yearly rental to Baht 200,000 referring to the market price from an independent appraiser with a rental period of 3 years starting from December 1, 2019 to November 30, 2022. The rental agreement may be renewed for 10 times of 3 years each.

The significant transactions balances of assets and liabilities with related parties as at December 31, 2019 and 2018 were as follows:

	<i>Baht</i>	
	2019	2018
Other payables		
Director	7,790	707,834
Rental payables		
Director	35,833	-
Accrued interest expenses		
Related persons	93,767	22,466

Short-term loans from related persons

Short-term loans from related persons as at December 31, 2019 and 2018 consisted of:

	<i>Baht</i>	
	2019	2018
Directors	145,180,927	273,776,699
Related persons	55,000,000	10,000,000
Total	200,180,927	283,776,699

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

	<i>Baht</i>	
	2019	2018
Beginning balance	283,776,699	256,312,628
Increase	94,580,000	196,559,248
Decrease	(178,175,772)	(169,095,177)
Ending balance	200,180,927	283,776,699

The Company entered into a loan agreement with directors, no interest charged and unsecured.

The Company entered into a loan agreement with related persons, which the repayment due at call, interest charged at the rate of 1.5 - 4 percent per annum and unsecured.

Key management personnel compensation

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

	<i>Baht</i>	
	2019	2018
Short-term benefits	3,406,734	2,232,125
Post-employment benefits	156,914	135,836
Total	3,563,648	2,367,961

Directors' remuneration

Directors' remuneration represents benefits paid to the directors of the Company, exclusive of salaries and related benefit payable to directors who hold executive positions.

For the year ended December 31, 2019, the Company paid directors' remuneration in the amount of Baht 0.11 million.

Co-guarantee for liabilities

As at December 31, 2019, related persons had co-guaranteed liabilities as follows:

The directors of the Company had guaranteed bank overdrafts, loans from financial institution and liabilities under finance leases. Moreover, bank deposit of the director was registered for the secured for short-term loans from financial institutions, without compensation (see notes 11, 14 and 15).

Nature of relationship

Name of company	Country/ Nationality	Relation	Type of relation
Sarakham Petroleum Co., Ltd.	Thailand	Related company	Common directors
C.S.K Service Co., Ltd.	Thailand	Related company	Members of close family of management and/or shareholder
Farmmart Moderntrade Co., Ltd.	Thailand	Related company	Common directors
Related persons	Thai	-	Members of close family of management and/or shareholder

Bases of measurement for intercompany revenues and expenses

	Pricing policies
Purchase and sale of goods	Market price
Rental of land including constructions	Market price
Other expenses	Market price
Interest expenses	The commercial bank's interest rate.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2019 and 2018 consisted of:

	<i>Baht</i>	
	2019	2018
Cash	6,982	7,486
Cash at banks	31,259,255	237,590
Total	31,266,237	245,076

6. COST OF PROPERTY DEVELOPMENT

Cost of property development as at December 31, 2019 and 2018 consisted of:

	<i>Baht</i>	
	2019	2018
Property under development		
Land	84,189,385	105,415,428
Construction in progress and other costs	62,801,308	83,732,938
Capitalized interest cost	2,597,723	4,507,562
Total	149,588,416	193,655,928

Movements of cost of property development for the years ended December 31, 2019 and 2018 were summarized below:

		<i>Baht</i>	
	Note	2019	2018
Cost of sale		(66,357,913)	(26,817,138)
Capitalized interest cost	19	464,642	2,935,039

The Company had mortgaged cost of property development as collateral for loans from financial institutions (see notes 11 and 14).

7. LAND HELD FOR DEVELOPMENT

Movements of land held for development for the years ended December 31, 2019 and 2018 consisted of:

	<i>Baht</i>
At cost	
At January 1, 2018	536,248,433
Purchase/ transfer in	-
Disposal/ transfer out	(7,348,558)
At December 31, 2018	528,899,875
Purchase/ transfer in	-
Disposal/ transfer out	-
At December 31, 2019	528,899,875

The Company had mortgaged land held for development as collateral for loans from financial institutions (see notes 11 and 14).

As at December 31, 2019, a certain of land held for development with the carrying value of Baht 0.89 million were expropriated by Maha Sarakham Rural Road Office at the expropriated value of Baht 8 million. At the present, the Company is in the process of refunding a compensation and transfer the ownership of such expropriated land with Maha Sarakham Rural Road Office.

8. BUILDING AND EQUIPMENT

Movement of building and equipment for the years ended December 31, 2019 and 2018 consisted of:

	Baht			
	Buildings	Machinery and equipment	Office equipment	Assets under construction
At cost				
At January 1, 2018	4,100,000	80,360	855,962	546,525
Purchase/ transfer in	-	23,880	521,389	917,787
Disposals/ transfer out	-	-	-	-
At December 31, 2018	4,100,000	104,240	1,377,351	1,464,312
Purchase/ transfer in	5,110,215	14,270	284,818	3,645,903
Disposals/ transfer out	-	-	-	(5,110,215)
At December 31, 2019	9,210,215	118,510	1,662,169	26,543,458
Accumulated depreciation				
At January 1, 2018	2,172,089	26,741	566,482	13,871,366
Depreciation	546,493	14,258	158,436	1,020,989
Disposal/ transfer out	-	-	-	-
At December 31, 2018	2,718,582	40,999	724,918	14,892,355
Depreciation	305,340	20,738	207,200	930,697
Disposal/ transfer out	-	-	-	-
At December 31, 2019	3,023,922	61,737	932,118	15,823,052
Net book value				
At December 31, 2018	1,381,418	63,241	652,433	1,464,312
At December 31, 2019	6,186,293	56,773	730,051	10,720,406

	<i>Million Baht</i>	
	2019	2018
At December 31,		
The gross carrying amount of fully depreciated that is still in use	13.31	11.28
The net book value of asset under finance lease agreements		
- Vehicles	3.63	-

At December 31, 2019				<i>Million Baht</i>
	Note	Lessor	Period	Rental rate per year
Rental agreement of land	4	Related persons	10 years	0.23
Rental agreement of construction	4	Related persons	3 years	0.20

9. DEFERRED TAX

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

	<i>Baht</i>	
	2019	2018
Deferred tax assets	882,821	391,122

Movements of deferred tax assets during the years were as follows:

	<i>Baht</i>					
	At January 1, 2018	Profit	Other comprehensive income	At December 31, 2018	Profit	At December 31, 2019
Deferred tax assets						
Provision	-	161,930	-	161,930	431,255	593,185
Provision employee benefit	-	173,880	55,312	229,192	60,444	289,636
Total	-	335,810	55,312	391,122	491,699	882,821

10. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2019 and 2018 consisted of:

	<i>Baht</i>	
	2019	2018
Prepaid expenses	5,550,000	2,996,000
Advance payment for purchase assets	-	1,180,900
Retention	115,835	140,304
Others	-	1,650
Total	5,665,835	4,318,854

11. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2019 and 2018 were as follows:

	<i>Baht</i>	
	2019	2018
Bank overdrafts	50,386,169	5,691,178
Promissory note	90,000,000	-
Total	140,386,169	5,691,178

The Company had the credit facilities of bank overdrafts and short-term loans from financial institutions as at December 31, 2019 and 2018 were as follows:

	<i>Million Baht</i>		
	Credit line		% per annum
Type of credit	2019	2018	Referred interest rate
Bank overdrafts	58	18	MOR
Promissory note	90	-	Savings accounts
Letter of guarantee	15	15	-

Collateral

The Company had mortgaged land including construction of property development and land held for development (see notes 6 and 7) and the loans were also guaranteed by the director of the Company. Moreover, bank deposit of the director was registered for the secured short-term loans from financial institutions, without compensation.

12. TRADE AND OTHER PAYABLES

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

	<i>Baht</i>	
	2019	2018
Trade payables	1,290,127	2,679,302
Other payables		
Accrued expenses	1,023,706	2,003,577
Total	2,313,833	4,682,879

13. CURRENT PORTION OF LIABILITIES

Current portion of liabilities as at December 31, 2019 and 2018 consisted of:

		<i>Baht</i>	
	Note	2019	2018
Loans from financial institution	14	-	88,805,599
Liabilities under finance leases	15	671,696	-
Total		671,696	88,805,599

14. LOANS FROM FINANCIAL INSTITUTION

Loans from financial institution as at December 31, 2019 and 2018 consisted of:

	<i>Baht</i>	
	2019	2018
Loans from financial institution	22,691,290	116,961,723
Less Current portion	-	(88,805,599)
Long-term loans from financial institution	22,691,290	28,156,124

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

	<i>Baht</i>	
	2019	2018
Beginning balance	116,961,723	142,586,044
Increase	-	49,361,438
Decrease	(94,270,433)	(74,985,759)
Ending balance	22,691,290	116,961,723

Credit facilities of financial institution as at December 31, 2019 and 2018 the details as follows:

Lender	Million Baht				Period of payment	Percent referred interest rate	Repayment
	Credit line		Principal				
	2019	2018	2019	2018			
Commercial bank	150	150	-	57.97	Feb 2016 – Feb 2020	MLR	Installment 1 st - 18 th : grace period Installment 19 th onwards: monthly principal repayment of Baht 5.70 million or principal repayment 90% of the contract price when mortgage are released.
Commercial bank	75	75	23.30	23.30	Within 3 years	MLR	Principal repayment 70% of the contract price when mortgage are released.
Commercial bank	54	54	-	36.38	Apr 2017 – Apr 2020	MLR	Installment 1 st - 15 th : grace period Installment 16 th onwards: monthly principal repayment of Baht 2.57 million

Collateral

The Company had mortgaged land including construction of property development and land held for development (see notes 6 and 7). Moreover, loans were also guaranteed by the director of the Company, without compensation.

15. LIABILITIES UNDER FINANCE LEASES

Liabilities under finance leases as at December 31, 2019 and 2018 consisted of:

Year	Present value	Deferred interest	<i>Baht</i>
			Minimum lease payment
1	671,696	67,348	739,044
2 - 5	1,480,366	59,309	1,539,675
Total	2,152,062	126,657	2,278,719

The Company entered into the finance lease agreements for purchase vehicles, payable monthly in the amount of Baht 0.06 million. At December 31, 2019, the current portion of liabilities under the finance leases in the amount of Baht 0.67 million was presented under current liabilities.

The directors of the Company had co-guaranteed for liabilities under financial lease, without compensation.

16. PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefit as at December 31, 2019 and 2018 consisted of:

	<i>Baht</i>	
	2019	2018
Post-employment benefit plan		
Present value of obligations	1,448,181	1,145,962
Provisions for employee benefit	1,448,181	1,145,962

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

	<i>Baht</i>	
	2019	2018
Post-employment benefit plan		
Provisions for employee benefit as at January 1	1,145,962	613,298
Included in profit or loss:		
Current service cost	265,205	134,205
Interest cost	37,014	28,672
Past service cost	-	93,225
Defined benefit plan actuarial loss	-	276,562
Provisions for employee benefit as at December 31	1,448,181	1,145,962

The Company made defined benefit plan in accordance with severance payment as the labour law which entitled retired employee within work service period in various rates, such as more than 20 years to receive severance payment not less than 400 days.

On April 5, 2019, a revised Labor Protection Act was published in the Royal Gazette which stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more to entitle to receive not less than 400 day's compensation at the latest wage rate.

This change is considered a post-employment benefits plan amendment caused the Company has additional provisions for employee benefit.

The Company recognizes the effect of the mentioned change as past service costs as an expense in profit or loss for the year 2018.

Principal actuarial assumptions as at December 31, 2019 and 2018 (expressed as weighted averages) were as follows:

	<i>Percent</i>
Discount rate (%)	3.23
Salary increase rate (%)	5.00
Turnover rate (%)	1.91 - 22.92

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 in year 2017.

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

	<i>Baht</i>	
	Increase	Decrease
Discount rate (1% Movement)	(168,802)	203,128
Salary increase rate (1% Movement)	212,957	(179,856)
Turnover rate (20% Movement)	(134,353)	160,829

17. SHARE CAPITAL

The Extraordinary General Meeting of Shareholders held on July 17, 2019 passed the resolution to approve the decrease of authorized share capital to compensate for deficit by reduction of par value from Baht 100 per share to Baht 86.50 per share, equivalent to Baht 48.60 million.

The Company has registered the decrease of its authorized shares capital with the Ministry of Commerce on August 23, 2019.

The Extraordinary General Meeting of Shareholders held on January 2, 2018 of Dhouse Pattana Company Limited and Dhouse Homecenter Company Limited passed the resolutions to approve the amalgamation of Dhouse Pattana Company Limited and Dhouse Homecenter Company Limited and registration a new company named Dhouse Pattana Company Limited.

Dhouse Pattana Company Limited and Dhouse Homecenter Company Limited registered the amalgamation into a new company named of Dhouse Pattana Company Limited with the Ministry of Commerce on April 18, 2018.

Net assets of 2 former companies at the registration date of amalgamation are summarized below:

			<i>Baht</i>
	<u>Dhouse Pattana Co., Ltd.</u>	<u>Dhouse Homecenter Co., Ltd.</u>	<u>Total</u>
Cash and cash equivalents	608,219	1,874,570	2,482,789
Other receivables	250,000	-	250,000
Cost of property development	107,694,788	74,442,335	182,137,123
Inventories	1,644,051	2,004,360	3,648,411
Other current assets	2,582	124,667	127,249
Land held for development	381,718,432	151,648,459	533,366,891
Building and equipment	1,667,318	1,792,969	3,460,287
Intangible assets	355,621	278,123	633,744
Other non-current assets	1,936,632	355,403	2,292,035
Bank overdraft	1,289,788	-	1,289,788
Trade and other payables	1,415,895	2,138,523	3,554,418
Current portion of liabilities	68,400,000	23,130,000	91,530,000
Short-term loans from related persons	191,094,719	24,885,784	215,980,503
Income tax payable	-	2,112,684	2,112,684
Advance received	10,000	31,158,850	31,168,850
Other current liabilities	9,832	63,257	73,087
Long-term loans from financial institutions	57,258,733	18,040,000	75,298,733
Provisions for employee benefit	296,361	221,521	517,882
Other non-current liabilities	751,293	106,690	857,983
Issued and paid-up share capital	200,000,000	160,000,000	360,000,000
Deficit	(24,648,978)	(29,336,423)	(53,985,401)

18. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2019 and 2018 consisted of:

		<i>Baht</i>
	2019	2018
Employee expenses	8,954,961	9,237,226
Depreciation and amortization	1,017,136	1,093,087
Consultant and services expenses	4,083,029	3,182,114
Registration and transfer fee	5,236,903	2,704,455

19. FINANCE COSTS

Finance costs for the years ended December 31, 2019 and 2018 consisted of:

		<i>Baht</i>
	2019	2018
Interest expenses	4,481,220	9,351,684
Bank charge	78,165	143,124
Total	4,559,385	9,494,808
Less Interest capitalised	(464,642)	(2,935,039)
Net	4,094,743	6,559,769

20. INCOME TAX

Corporate income tax of the Company for the years ended December 31, 2019 and 2018 was calculated at a rate specified by the Revenue Department on net earnings after adjusting certain conditions according to the Revenue Code. The Company recorded the corporate income tax as expense for the years and recorded the accrued portion as liabilities in the statements of financial position.

Tax expense for the years ended December 31, 2019 and 2018 as follows:

	<i>Baht</i>	
	2019	2018
Current tax		
Current year	(10,088,020)	(2,739,743)
Deferred tax		
Movement in temporary differences	491,699	335,810
Tax expense	<u>(9,596,321)</u>	<u>(2,403,933)</u>

Income tax recognized in other comprehensive loss for the year ended December 31, 2018 consisted of:

	<i>Baht</i>
provisions for employee benefit	55,312

Reconciliation of effective tax rate

	2019		2018	
	%	<i>Baht</i>	%	<i>Baht</i>
	<u>Tax rate</u>		<u>Tax rate</u>	
Profit before income tax		50,309,228		11,941,679
Income tax using the corporate tax rate	20	(10,061,846)	20	(2,388,336)
Expenses not deductible for tax purposes		(547,704)		(737,387)
Addition expenses deductible for tax purposes		521,530		385,980
Current tax	20	(10,088,020)	23	(2,739,743)
Movement in temporary differences		491,699		335,810
Tax expense	19	<u>(9,596,321)</u>	20	<u>(2,403,933)</u>

21. OPERATING SEGMENT

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 Company operates its business in involve property development. Therefore management considering that the Company operates in a single line of business.

The Company operate in a single geographic area, namely in Thailand, Therefore management considering that the Company has only one geographic segment.

Information about major customers

In year 2019, the Company had revenue from 2 major customers in the amount of Baht 35.13 million.

22. COMMITMENTS AND CONTINGENT LIABILITIES

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

22.1 Letters of guarantee issued by bank for guarantee with the Department of Lands in the amount of Baht 8.49 million.

22.2 Commitments for payment under agreements as follows:

22.2.1 Service agreement with the remaining amount of Baht 2.98 million

22.2.2 Contractor agreement with the remaining amount of Baht 4.53 million

22.2.3 The security agreement with a monthly service of Baht 0.08 million.

22.2.4 Operating lease agreement for land including construction with related persons, future minimum lease payments as follows:

	<i>Million Baht</i>
Within 1 year	0.43
More than 1 year but not over 5 years	1.35
More than 5 years	1.37

23. DISCLOSURE OF FINANCIAL INSTRUMENTS

23.1 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 Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

23.2 Accounting policies

The details of significant accounting policies and methods used for classification of financial assets and financial liabilities including valuation, basis of recognition of income and expenses are disclosed in note 3.

23.3 Financial risk management policies

The Company is exposed to fluctuations in interest rates and the risks from default of the agreements by counterparties. The Company had risk management policies as follows:

23.3.1 Interest rate risk

Interest rate risk is the fluctuation of the market interest rate in the future that will affect the Company operations and cash flows. The Company has interest rate risk from cash at bank and loans from financial institution the financial assets and financial liabilities fluctuate based on the market rate. In addition, the Company has not engaged in any hedging contracts related to interest rates.

23.3.2 Credit risk – trade receivables

The Company has a policy to hedge credit risk from trade receivables by forming a conservative credit policy and by determining the receipt from the services. Therefore, the Company expects that the loss from the collection of those trade receivables should not exceed the allowance for doubtful accounts.

23.4 Fair value

Most of the financial assets are cash and cash equivalent, other receivables, and most of the financial liabilities are bank overdraft, loans from financial institutions, trade and other payables, loan from related persons and liabilities under finance leases. The carrying amount of the financial assets and financial liabilities are not significantly different from their fair value.

24. RECLASSIFICATION

The Company has reclassified certain accounts in the statement of financial position as at December 31, 2018, to conform to the presentation of statements of current period as follow:

	Before	Reclassification	<i>Baht</i> After
Other current assets	1,601,246	(10,000)	1,591,246
Other non-current assets	4,308,854	10,000	4,318,854
Other current liabilities	176,362	518,149	694,511
Other non-current liabilities	1,080,155	(518,149)	562,006

25. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors' Meeting held on February 25, 2020 passed the resolutions to approve as follows:

- 25.1 Convert the company limited to a public company.
- 25.2 Change the par value of share capital from Baht 86.50 each to Baht 0.50 each.
- 25.3 Increase the authorized share capital from Baht 311.40 million to Baht 420 million by issuing new ordinary shares of 217.20 million shares with the par value of Baht 0.50 each.
- 25.4 Allot new ordinary shares of 217.20 million shares, with the par value of Baht 0.50 each for the Initial Public Offering as follows:
 - 25.4.1 Allot new ordinary shares to persons having relationship as directors, executives, major shareholder, controlled and related parties and sponsors who have done benefits to the company not exceeding 25 percent of the Initial Public Offering. However, the proportion of shares allotted to sponsors must not exceed 15 percent of the Initial Public Offering.
 - 25.4.2 Allot the remaining shares for the Initial Public Offering
- 25.5 Assign the authorisation to the Board of Directors or Chief Executive Officer or the person assigned by the Board of Directors or Chief Executive Officer to determine the related details and conditions regarding the mentioned shares offering such as offering period, offering price, share repayment and appointment of underwriters, etc.