

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
BUILDERSMART PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Independent Auditor's Report

To the Shareholders and the Board of Directors of BuilderSmart Public Company Limited:

Opinion

I have audited the consolidated and separate financial statements of BuilderSmart Public Company Limited and its subsidiaries, and of BuilderSmart Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2018, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and 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 referred to above present fairly, in all material respects, the consolidated and separate financial position of the BuilderSmart Public Company Limited and its subsidiaries, and of BuilderSmart Public Company Limited, respectively, as at December 31, 2018, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 Group 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 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 year. 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.

Fair value of investment properties - Senior Living Project

Risk

As discussed in Note to Financial Statements No. 13, a subsidiary measures investment properties - Senior Living Project according to the fair value approach. I focused on this area because of the valuation model is a market comparison approach that was evaluated by an independent appraiser engaged by the subsidiary. In determining the fair value of investment properties, Management had to exercise judgment to determine the appropriate market prices of comparative properties and key assumptions for adjusting market prices comparable to the subject properties.

Auditor's response

I have verified the fair value of the investment property appraised by the subsidiary's independent appraiser by reviewing the independent appraiser's competency, capabilities, independency and objectivity and considering the appropriateness of the key assumptions of the valuation by:

- Determining the similarity of the comparative properties based on their characteristics, environment and utilization with the investment properties of the subsidiary;
- Assessing the appropriateness of market prices based on observable information; and
- Determining the appropriateness of methodologies used to adjust market prices to the fair value of the investment properties of the subsidiary, i.e. differences in characteristics, size and environment, to comparative properties.

In addition, I reviewed the appropriateness of related transactions recorded in the financial statements and information disclosed for their compliance with relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in Annual Report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The Annual Report for the year is expected to be made available to me after the date of this auditor's report.

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

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

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 TFRSs, 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 Group'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 TSAs 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 TSAs, 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'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'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 Group 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 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.

Sathien Vongsnan

Certified Public Accountant

Registration Number 3495

ANS Audit Company Limited

Bangkok, February 21, 2019

BUILDERSMART PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Assets					
Current assets					
Cash and cash equivalents	5	191,561,128.82	81,173,746.96	159,853,682.14	57,439,285.83
Trade and other current receivables - net	4,3, 6	139,707,816.27	87,194,522.36	85,777,779.29	69,723,562.76
Short-term loan to related parties - net	4.4	-	-	208,600,000.00	100,500,000.00
Inventories - net	7	93,420,021.46	101,375,697.42	63,618,443.32	51,992,529.29
Real estate development costs	8	576,110,404.11	-	-	-
Other current assets	4.3	36,988,886.98	5,575,572.29	3,352,072.62	1,276,725.40
Total current assets		1,037,788,257.64	275,319,539.03	521,201,977.37	280,932,103.28
Non-current assets					
Restricted deposits with financial institutions	9	36,500,000.00	32,750,000.00	32,000,000.00	29,750,000.00
Investment in subsidiaries company - net	10	-	-	367,769,296.81	168,024,746.81
Investment in debt securities held to maturity - net	11	11,051,338.66	11,188,800.00	11,051,338.66	11,188,800.00
Senior living project under development	12	180,899,626.30	139,263,662.19	-	-
Investment properties - net	13	188,707,800.00	62,500,000.00	-	-
Building improvements and equipment - net	14	28,901,221.91	29,327,637.98	12,856,642.92	10,944,239.76
Intangible assets - net	15	15,331,203.39	13,063,844.07	9,468,062.43	5,324,149.34
Deferred tax assets - net	22	7,018,847.42	4,774,970.12	3,916,618.85	3,896,136.76
Other non-current assets		4,204,955.05	5,105,923.29	279,090.89	743,770.17
Total non-current assets		472,614,992.73	297,974,837.65	437,341,050.56	229,871,842.84
Total assets		1,510,403,250.37	573,294,376.68	958,543,027.93	510,803,946.12

BUILDERSMART PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	66,082,904.52	5,202,318.83	61,457,529.71	4,176,083.97
Short-term loans from related parties	4.5	-	-	1,995,000.00	-
Trade and other current payables	4.3, 17	170,019,806.92	104,928,898.67	93,724,945.64	85,282,840.70
Current portion of long-term liabilities under finance leases	18	1,568,120.57	1,534,751.17	1,559,064.86	1,429,806.51
Current portion of long-term loans from financial institutions	19	83,884,000.00	-	-	-
Short-term loans from other parties - net	20	99,325,020.20	-	99,325,020.20	-
Deposits and advances received for purchase of					
condominium units	8	59,534,381.17	-	-	-
Customer deposits	4.3	22,939,662.11	23,533,942.52	6,556,685.08	2,227,256.79
Retentions	4.3	6,487,429.79	1,723,847.47	-	-
Income tax payable		7,983,259.63	5,504,664.47	7,983,259.63	5,504,664.47
Other current liabilities		2,322,759.30	2,230,213.92	1,958,336.90	2,194,345.89
Total current liabilities		520,147,344.21	144,658,637.05	274,559,842.02	100,814,998.33
Non-current liabilities					
Long-term liabilities under finance leases - net	18	1,547,697.41	1,540,335.82	1,547,697.41	1,531,280.10
Long-term loans from financial institutions - net	19	236,220,000.00	-	-	-
Liability for guarantee refund to lessee		85,214,948.43	43,368,000.00	-	-
Non-current provisions for employee benefit	21	8,504,311.00	6,977,986.00	6,465,027.00	5,365,323.00
Deferred tax liabilities - net	22	1,392,108.00	5,235,357.74	-	-
Total non-current liabilities		332,879,064.84	57,121,679.56	8,012,724.41	6,896,603.10
Total liabilities		853,026,409.05	201,780,316.61	282,572,566.43	107,711,601.43
Shareholders' equity					
Share capital					
Authorised share capital	24				
2,185,143,140 ordinary shares, Baht 0.10 par value		218,514,314.00		218,514,314.00	
2,047,361,510 ordinary shares, Baht 0.10 par value			204,736,151.00		204,736,151.00
Issued and paid-up share capital	24				
2,130,506,193 ordinary shares, Baht 0.10 par value		213,050,619.30		213,050,619.30	
1,695,980,676 ordinary shares, Baht 0.10 par value			169,598,067.60		169,598,067.60
Premium on share capital	24	343,503,712.05	142,273,285.93	343,503,712.05	142,273,285.93
Retained earnings					
Appropriated to legal reserve	26	10,512,689.47	8,145,278.78	10,512,689.47	8,145,278.78
Unappropriated		88,296,343.16	49,497,401.44	108,903,440.68	83,075,712.38
Other component of shareholders' equity		2,002,923.61	1,969,644.51	-	-
Total shareholders' equity of the Company		657,366,287.59	371,483,678.26	675,970,461.50	403,092,344.69
Non-controlling interests		10,553.73	30,381.81	-	-
Total shareholders' equity		657,376,841.32	371,514,060.07	675,970,461.50	403,092,344.69
Total liabilities and shareholders' equity		1,510,403,250.37	573,294,376.68	958,543,027.93	510,803,946.12

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

BUILDERSMART PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2018	2017	2018	2017
	4.2, 30				
Revenue from sales and services		588,629,187.73	562,697,900.17	487,850,006.10	453,120,212.16
Cost of sales and services		(404,073,425.00)	(394,785,616.86)	(322,230,433.54)	(304,326,843.00)
Gross profit		184,555,762.73	167,912,283.31	165,619,572.56	148,793,369.16
Other income		5,555,438.60	10,142,154.59	10,080,873.96	8,777,494.07
Gain on fair value adjustment of investment properties	13	49,667,328.10	27,003,444.71	-	-
Selling expenses		(71,854,722.25)	(65,494,298.90)	(45,126,341.42)	(40,248,665.88)
Administrative expenses		(98,626,520.24)	(86,902,959.53)	(65,691,214.52)	(60,218,161.83)
Loss on impairment of investment in subsidiary		-	-	(254,950.00)	(2,729,563.19)
Finance costs		(2,878,185.70)	(1,575,922.98)	(5,093,079.73)	(5,184,228.52)
Profit before income tax expense		66,419,101.24	51,084,701.20	59,534,860.85	49,190,243.81
Tax expense	23	(6,120,002.13)	(15,696,811.99)	(12,186,647.08)	(10,323,811.23)
Profit for the year		60,299,099.11	35,387,889.21	47,348,213.77	38,866,432.58
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial gain on defined employee benefit plans - net income tax		-	1,325,853.22	-	619,950.40
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translating financial statements of foreign operation		33,279.10	280,792.05	-	-
Other comprehensive income for the year		33,279.10	1,606,645.27	-	619,950.40
Total comprehensive income for the year		60,332,378.21	36,994,534.48	47,348,213.77	39,486,382.98
Profit (loss) attributable to:					
Equity holders of the Company		60,319,427.19	35,537,954.27	47,348,213.77	38,866,432.58
Non-controlling interests		(20,328.08)	(150,065.06)	-	-
		60,299,099.11	35,387,889.21	47,348,213.77	38,866,432.58
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		60,352,706.29	37,144,599.54	47,348,213.77	39,486,382.98
Non-controlling interests		(20,328.08)	(150,065.06)	-	-
		60,332,378.21	36,994,534.48	47,348,213.77	39,486,382.98
Earnings per share	25				
Basic earnings per share (Baht/share)		0.031	0.021	0.025	0.023
Weighted average number of ordinary shares (Thousands shares)		1,921,633	1,695,981	1,921,633	1,695,981
Diluted earnings per share (Baht/share)		0.031	-	0.024	-
Weighted average number of ordinary shares (diluted) (Thousands shares)		1,936,638	-	1,936,638	-

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

BUILDERSMART PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht

Consolidated financial statements											
Equity attributable to shareholders' equity of the Company											
Other component of shareholders' equity											
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other comprehensive income		Total other components of shareholder's equity	Total	Non-controlling interests	Total shareholders' equity	
			Appropriated for legal reserve	Unappropriated	Actuarial gain on defined employee benefit plans	Translating financial statements					
Balance as at January 1, 2018	169,598,067.60	142,273,285.93	8,145,278.78	49,497,401.44	-	1,969,644.51	1,969,644.51	371,483,678.26	30,381.81	371,514,060.07	
Changes in equity for the year :											
Increase in share capital	24	43,452,551.70	201,230,426.12	-	-	-	-	244,682,977.82	-	244,682,977.82	
Increase in capital of non-controlling interests		-	-	-	-	-	-	-	500.00	500.00	
Dividend payment	29	-	-	(19,153,074.78)	-	-	-	(19,153,074.78)	-	(19,153,074.78)	
Total comprehensive income for the year		-	-	60,319,427.19	-	33,279.10	33,279.10	60,352,706.29	(20,328.08)	60,332,378.21	
Appropriated to legal reserve	26	-	-	2,367,410.69	(2,367,410.69)	-	-	-	-	-	
Balance as at December 31, 2018		213,050,619.30	343,503,712.05	10,512,689.47	88,296,343.16	-	2,002,923.61	2,002,923.61	657,366,287.59	10,553.73	657,376,841.32
Balance as at January 1, 2017		169,598,067.60	142,273,285.93	6,201,957.15	14,576,915.58	-	1,688,852.46	1,688,852.46	180,446.87	334,519,525.59	
Changes in equity for the year :											
Total comprehensive income for the year		-	-	35,537,954.27	1,325,853.22	280,792.05	1,606,645.27	37,144,599.54	(150,065.06)	36,994,534.48	
Transferred to retained earnings		-	-	1,325,853.22	(1,325,853.22)	-	(1,325,853.22)	-	-	-	
Appropriated to legal reserve	26	-	-	1,943,321.63	(1,943,321.63)	-	-	-	-	-	
Balance as at December 31, 2017		169,598,067.60	142,273,285.93	8,145,278.78	49,497,401.44	-	1,969,644.51	1,969,644.51	30,381.81	371,514,060.07	

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

BUILDERSMART PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Baht							
Separate financial statements							
Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other component of shareholders' equity		Total shareholders' equity
			Appropriated for legal reserve	Unappropriated	Actuarial gain on defined employee benefit plans	Total other components of shareholder's equity	
Balance as at January 1, 2018	169,598,067.60	142,273,285.93	8,145,278.78	83,075,712.38	-	-	403,092,344.69
Changes in equity for the year :							
Increase in share capital	24	43,452,551.70	201,230,426.12	-	-	-	244,682,977.82
Dividend payment	29	-	-	-	(19,153,074.78)	-	(19,153,074.78)
Total comprehensive income for the year		-	-	-	47,348,213.77	-	47,348,213.77
Appropriated to legal reserve	26	-	-	2,367,410.69	(2,367,410.69)	-	-
Balance as at December 31, 2018	213,050,619.30	343,503,712.05	10,512,689.47	108,903,440.68	-	-	675,970,461.50
Balance as at January 1, 2017	169,598,067.60	142,273,285.93	6,201,957.15	45,532,651.03	-	-	363,605,961.71
Changes in equity for the year :							
Total comprehensive income for the year		-	-	-	38,866,432.58	619,950.40	619,950.40
Transferred to retained earnings		-	-	-	619,950.40	(619,950.40)	(619,950.40)
Appropriated to legal reserve	26	-	-	1,943,321.63	(1,943,321.63)	-	-
Balance as at December 31, 2017	169,598,067.60	142,273,285.93	8,145,278.78	83,075,712.38	-	-	403,092,344.69

BUILDERSMART PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities:				
Profit before income tax expense	66,419,101.24	51,084,701.20	59,534,860.85	49,190,243.81
Adjustment to reconcile profit to net cash by (used in)				
operating activities				
Allowance for doubtful accounts (reversal) - net	(701,703.24)	(548,681.95)	(477,042.15)	60,268.48
Allowance for obsolete inventory (reversal) - net	(325,630.95)	2,080,952.83	(346,361.89)	834,693.98
Allowance for impairment loss of investment in subsidiary	-	-	254,950.00	2,729,563.19
Loss (gain) on disposal of fixed assets and intangible assets	2,752,673.27	822,466.60	9,116.10	(9,344.79)
Depreciation and amortization	11,997,778.18	10,845,676.95	5,479,641.74	5,384,895.46
Gain on fair value adjustment of investment properties	(49,667,328.10)	(27,003,444.71)	-	-
Unrealized gain on exchange rate - net	(97,892.69)	(1,241,052.99)	(95,875.46)	(1,282,000.48)
Employee benefit expenses	1,526,325.00	1,547,709.00	1,099,704.00	833,666.00
Interest income	(1,091,406.86)	(2,047,966.57)	(7,289,093.89)	(7,487,452.71)
Finance costs	2,878,185.70	1,575,922.98	5,093,079.73	5,184,228.52
Profit from operations before changes in operating				
assets and liabilities	33,690,101.55	37,116,283.34	63,262,979.03	55,438,761.46
Operating assets increase (decrease)				
Trade and other current receivables	(51,161,675.45)	4,395,978.88	(11,339,294.68)	9,003,248.90
Inventories	7,704,710.16	(3,639,607.73)	(11,856,148.89)	8,406,505.60
Real estate development costs	(566,067,609.30)	-	-	-
Other current assets	(31,413,314.69)	1,707,654.08	(2,075,347.22)	241,691.73
Other non-current assets	900,968.24	(667,497.50)	464,679.28	495,831.68
Operating liabilities increase (decrease)				
Trade and other current payables	50,423,883.85	10,232,665.11	6,258,556.67	2,012,234.64
Deposits and advances received for purchase				
of condominium units	59,534,381.17	-	-	-
Customer deposits	(594,280.41)	(4,652,470.93)	4,329,428.29	(1,821,911.28)
Retentions	4,763,582.32	1,723,847.47	-	-
Other current liabilities	93,045.38	122,778.57	(236,008.99)	111,958.84
Liability for guarantee refund to lessee	41,846,948.43	43,368,000.00	-	-
Cash receipt (payment) from operating activities	(450,279,258.75)	89,707,631.29	48,808,843.49	73,888,321.57
Cash payment for corporate income tax	(10,180,852.80)	(8,624,423.71)	(9,728,534.01)	(8,142,752.83)
Net cash flows provided by (used in) operating activities	(460,460,111.55)	81,083,207.58	39,080,309.48	65,745,568.74

BUILDERSMART PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase (decrease) in restricted deposits with financial institutions	(3,750,000.00)	7,500,000.00	(2,250,000.00)	9,000,000.00
Cash payment for short-term loan to related parties	-	-	(184,600,000.00)	(56,290,000.00)
Cash receipt from short-term loan to related parties	-	-	76,439,259.41	-
Cash payment for senior living project under development	(104,525,952.50)	(48,979,894.74)	-	-
Cash payment for purchase of fixed assets	(7,153,355.48)	(13,662,181.72)	(4,237,452.32)	(1,623,409.01)
Cash receipt from sales of fixed assets	7,476.64	9,345.79	7,476.64	9,345.79
Cash payment for purchase of intangible assets	(4,510,708.24)	(3,683,095.80)	(2,919,453.09)	(1,664,953.40)
Cash payment for purchase of investment in debt securities held to maturity	-	(11,255,362.40)	-	(11,255,362.40)
Cash payment for purchase of investment in subsidiaries	-	-	(199,999,500.00)	-
Cash receipt from interest income	921,960.50	2,070,979.73	3,132,486.07	7,209,200.80
Net cash flows used in investing activities	(119,010,579.08)	(68,000,209.14)	(314,427,183.29)	(54,615,178.22)
Cash flows from financing activities				
Cash payment from short-term debentures	-	(100,000,000.00)	-	(100,000,000.00)
Increase in short-term loans from financial institutions	60,883,217.39	4,491,357.33	57,284,077.44	4,176,083.97
Increase in short-term loans from other parties	96,872,429.20	-	96,872,429.20	-
Increase in short-term loans from related parties	-	-	1,995,000.00	-
Cash payment for long-term liabilities under finance leases	(2,074,342.49)	(2,024,733.66)	(1,965,086.45)	(1,636,132.62)
Cash receipt from long-term loans from a financial institution	320,104,000.00	-	-	-
Cash receipt from capital increase	244,682,977.82	-	244,682,977.82	-
Dividend payment	(19,127,250.37)	-	(19,127,250.37)	-
Cash payment for finance costs	(11,516,238.16)	(6,886,950.22)	(1,980,877.52)	(6,143,970.14)
Net cash flows provided by financing activities	689,824,793.39	(104,420,326.55)	377,761,270.12	(103,604,018.79)
Net increase (decrease) in cash and cash equivalent	110,354,102.76	(91,337,328.11)	102,414,396.31	(92,473,628.27)
Exchange differences on translating financial statements of foreign operation	33,279.10	280,792.05	-	-
Cash and cash equivalents at beginning of the year	81,173,746.96	172,230,283.02	57,439,285.83	149,912,914.10
Cash and cash equivalents at ending of the year	191,561,128.82	81,173,746.96	159,853,682.14	57,439,285.83
Supplemental cash flows information				
Non-cash transactions				
Increase (decrease) in payables for purchase of fixed assets	504,387.30	-	(34,775.00)	-
Increase in fixed assets transfer from inventory	576,596.75	-	576,596.75	-
Increase in payables for purchase of intangible assets	1,898,940.39	-	1,898,940.39	-
Increase in assets under finance lease agreement	1,954,883.18	-	1,954,883.18	-
Increase in payables for purchases of senior living project under development	12,406,032.54	1,255,600.03	-	-
Capitalised borrowing costs relating to the acquisition of senior living project under development	1,244,450.97	4,109,552.54	-	-
Capitalised borrowing costs relating to the acquisition of real estate development costs	10,042,794.81	-	-	-

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

BUILDERSMART PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

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

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

2. BASIS FOR PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Basis for preparation of the consolidated financial statements

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

The Company holds shares at the following percentages as at December 31, 2018 and 2017.

Name of subsidiaries	Country of incorporation	Nature of business	Percentage of shareholding	
			2018	2017
1. Install Direct Company Limited.	Thailand	Sales of construction materials, tools and equipment for construction and interior design.	100.00	100.00
2. D&W (Asia) Limited	Thailand	Sales of doors, windows, architectural systems and services under the brand “Fletcher”	100.00	100.00
3. BuilderSmart Construction Systems Private Limited.	India	Sales of construction materials and after-sale services (Stop operations in the second quarter of year 2015)	99.70	99.70
4. Building Bling Company Limited	Thailand	Sales and installing of aluminium louvre windows	50.99	50.99
5. Sansara Development Company Limited	Thailand	Property development and leasing of the Senior Living Project	100.00	100.00
6. Sansara Lifestyle Service Company Limited	Thailand	Accommodation services for the Senior Living Project*	100.00	100.00
7. Teak Development Limited	Thailand	Real estate business	100.00	-

*Not yet operated

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

New Thai Financial Reporting Standards

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

During the year 2018, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

b. Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the year 2018, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related Interpretations.

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

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

c. Financial reporting standards related to the set of financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the year 2018, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Trade, other receivables and allowance for doubtful accounts

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

Inventories

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

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

Cost of real estate development project

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

Impairment of assets

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

Investments

Investments in subsidiaries

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

Investment in debt securities held to maturity

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

Senior Living Project under development

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

The subsidiary develops the senior living residence as follows:

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

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

Cost of Apartment units which have been completely developed and registered the lease agreement under the operating lease will be transferred as Investment Properties.

Cost of Apartment units which have been completely developed and registered the lease agreement under the finance lease will be transferred as Cost of Sales.

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

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

Investment properties

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

Borrowing costs

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

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

Building improvement and equipment

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

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

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

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

Intangible assets

Intangible assets consist of:

Computer software

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

Other intangible assets consist of expenditures for acquiring the following:

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

Other intangible assets are amortized using the straight line method.

Research and development

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

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

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

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

The estimated useful lives are as follows:

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

Long term leases

Long term leases (lessee)

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

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

(A) Operating lease

The lease fee has received as date of entered into the agreement equal to the refund amount to lessee are recognized in liability for guarantee refund to lessee, presented in statement of financial position.

(B) Finance lease

A lump sum lease fee received on the date of the agreement is recognised as revenue on a sale for the Senior Living Project.

Revenue and expenses recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

Services revenue

Other service revenue is recognised when services have been rendered.

Revenue from real estate development

Sales of residential condominium are recognised as revenue when the significant risks and rewards of ownership have been transferred to buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

Cost from real estate development

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

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

Interest income and other income

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

Expenses

Expense is recognised in profit or loss on accrual basis.

Income tax expense

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

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

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

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

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

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

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

Earnings per share

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

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

Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments.

Related party transactions

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

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

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

Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents and trade accounts receivable and other receivable. Financial liabilities carried on the statement of financial position include trade accounts payable, other payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group manages the fluctuation of foreign currency through the use of forward currency contracts as and when it considers appropriate. The Group did not adopt any derivative strategies to manage the interest rate risk.

Foreign currencies

Functional and presentation currency

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

Foreign currency transactions

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

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

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

Translation of the Group's financial statements

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

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

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

Employee benefits

Short-term benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plan

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

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

Fair value measurement

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

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

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

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

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

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

Significant accounting judgements and estimates

Significant judgements and estimates are as follows:

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

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

Impairment of investments

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

Allowances for impairment of assets

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

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

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

Investment property

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

Building improvement, equipment and intangible assets

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

Leases

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

Post-employment benefits under defined benefit plans

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

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

4.1 Related parties consist of:

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

4.2 Significant transactions with related parties for the years ended December 31, 2018 and 2017 are as follows:

	Unit: Baht				Transfer pricing policy
	Consolidated financial		Separate financial		
	statements		statements		
	2018	2017	2018	2017	
Subsidiaries					
Revenues from sales and services	-	-	387,021.80	1,282,673.12	Cost plus margin
Cost of sales and services	-	-	5,485,387.90	763,074.28	Cost plus margin / carrying amount
Rental income	-	-	610,800.00	645,800.00	Carried out on commercial terms and conditions
Interest income	-	-	6,342,525.69	5,339,091.92	Interest rate of 2.8% - 6.7% per annum
Other income	-	-	38,362.40	152,585.94	Cost plus margin
Finance costs	-	-	24,180.48	-	Interest rate of 2.8% per annum according to the loan agreement
Related parties					
Revenues from sales and services					
Ruamchokchai Engineering					
Company Limited	4,118,684.70	-	4,118,684.70	-	Contract price
Cost of real estate development project					
Ruamchokchai Engineering					
Company Limited	40,668,892.16	-	-	-	Contract price
Cost of a Senior Living Project					
Ruamchokchai Engineering					
Company Limited	51,704,592.16	-	-	-	Contract price
Rental expenses					
LKH Trading Company Limited					
	176,550.00	-	-	-	Based on a rental agreement
Sobreuk (Group of persons)					
	3,586,950.00	3,301,800.00	3,586,950.00	3,301,800.00	Based on a rental agreement which is not in excess of market-value
Related person - Director					
	634,210.53	-	-	-	Based on a rental agreement

4.3 Significant balances between the Company and those related companies as at December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other current receivables				
Trade receivables				
Subsidiaries	-	-	629,920.31	373,468.46
Related company				
Ruamchokchai Engineering Company Limited	2,968,617.11	-	2,968,617.11	-
Total trade receivables	2,968,617.11	-	3,598,537.42	373,468.46
Other current receivables				
Other receivable				
Subsidiaries	-	-	2,271,460.31	54,463.00
Related company				
LKH Development Company Limited	29,970,398.38	-	-	-
Total	29,970,398.38	-	2,271,460.31	54,463.00
Advances to related parties - net				
Subsidiaries	-	-	3,795,775.34	3,455,109.45
<u>Less</u> Allowance for doubtful accounts	-	-	(3,442,258.93)	(3,420,674.93)
Total	-	-	353,516.41	34,434.52
Accrued interest income				
Subsidiaries	-	-	4,431,921.05	444,759.59
Total	-	-	4,431,921.05	444,759.59
Total other current receivables	29,970,398.38	-	7,056,897.77	533,657.11
Total trade and other current receivables	32,939,015.49	-	10,655,435.19	907,125.57
Short-term loans - net				
Subsidiaries	-	-	208,660,740.59	100,500,000.00
<u>Less</u> Allowance for doubtful accounts	-	-	(60,740.59)	-
Total short-term loans - net	-	-	208,600,000.00	100,500,000.00
Other current assets				
Deposit for construction cost				
Related company				
Ruamchokchai Engineering Company Limited	15,955,520.42	-	-	-
Total other current assets	15,955,520.42	-	-	-

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other current payables				
Trade payables				
Subsidiary	-	-	6,160.53	-
Related company				
Ruamchokchai Engineering Company Limited	14,284,595.43	-	-	-
Total trade payable	14,284,595.43	-	6,160.53	-
Other current payables				
Other payable				
Related company				
LKH Development Company Limited	56,670.00	-	-	-
Related persons - Directors	85,659.50	-	-	-
Total	142,329.50	-	-	-
Advances from related parties				
Related persons - Directors	327,723.12	253,446.00	29,673.00	19,850.00
Total	327,723.12	253,446.00	29,673.00	19,850.00
Reservation fee for lease				
Related persons - Directors	15,652,900.00	-	-	-
Total	15,652,900.00	-	-	-
Total other current payables	16,122,952.62	253,446.00	29,673.00	19,850.00
Total trade and other current payables	30,407,548.05	253,446.00	35,833.53	19,850.00
Short-term loans to				
Subsidiary	-	-	1,995,000.00	-
Total short-term loans - net	-	-	1,995,000.00	-
Customer deposits				
Subsidiary	-	-	293,700.00	-
Total customer deposits	-	-	293,700.00	-
Other current liability				
Related company				
Retention payable				
Ruamchokchai Engineering Company Limited	4,107,642.16	-	-	-
Total other current liability	4,107,642.16	-	-	-

During the 2nd quarter of 2018, the subsidiary, Teak Development Limited, paid advance payment in the amount of Baht 25.00 million for a land purchase according to the sales and purchase agreement under the name of subsidiary's director. This payment is presented as "prepaid for land purchase" account under other current assets. Subsequently, the subsidiary paid the remaining amount of land purchase price and transferred the land title under the name of the subsidiary on October 5, 2018. The management of the subsidiary, developed such land for the "The Teak Ratchada" project.

4.4 During the year ended December 31, 2018, movements of short-term loans to related parties - net were as follows:

	Unit: Baht			
	Separate financial statement			
	As at	Movement during the year		As at
	January 1, 2018	Increase	Decrease	December 31, 2018
<u>Short-term loans to related parties - net</u>				
Subsidiaries				
Sansara Development Limited	100,000,000.00	66,000,000.00	50,000,000.00	116,000,000.00
Building Bling Limited	500,000.00	-	439,259.41	60,740.59
Teak Development Limited	-	112,600,000.00	20,000,000.00	92,600,000.00
D&W (Asia) Limited	-	6,000,000.00	6,000,000.00	-
Total	100,500,000.00	184,600,000.00	76,439,259.41	208,660,740.59
<u>Less</u> Allowance for doubtful accounts	-	(60,740.59)	-	(60,740.59)
Net	100,500,000.00			208,600,000.00

As at December 31, 2018, short-term loans to its subsidiary company, Sansara Development Limited, in term of loan agreement for the purpose of development and construction of a Senior Living Project bear interest at the rate of 6.0% and 6.7% per annum and is due at call.

As at December 31, 2018, a short-term loan to its subsidiary company, Building Bling Limited, in term of loan agreement for the purpose for development of louvre system with Louvre Systems Ltd bears interest at the rate of 6.25% per annum and is due at call.

As at December 31, 2018, a short-term loan to its subsidiary company, Teak Development Limited, in term of loan agreement for the purpose for support operations of Teak Development Limited bears interest at the rate of 6.0% and 6.7% per annum and is due at call.

As at December 31, 2018, a short-term loan to its subsidiary company, D&W (Asia) Limited, in term of loan agreement for the purpose for support operations of D&W (Asia) Limited bears interest at the rate of 4.5% per annum and is due at call. During the year 2018, the subsidiary has repaid such loan in the entire amount.

4.5 During the year ended December 31, 2018, movements of short-term loan from related party were as follows:

	Unit: Baht			
	Separate financial statement			
	As at	Movement during the year		As at
	January 1, 2018	Increase	Decrease	December 31, 2018
Short-term loan from related party				
Subsidiary				
Install Direct Company Limited	-	1,995,000.00	-	1,995,000.00
Total	-	1,995,000.00	-	1,995,000.00

As at December 31, 2018, a short-term loan from Install Direct Company Limited, in term of loan agreement for the purpose for its working capital bears interest at the rate of 2.8% per annum and is due at call.

4.6 Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term benefits	38,169,493.33	35,468,534.88	28,209,891.33	24,554,806.00
Post-employment benefits	1,952,013.48	1,541,980.29	1,444,500.65	1,068,362.15
Total key management personnel compensation	40,121,506.81	37,010,515.17	29,654,391.98	25,623,168.15

Compensation paid to the Management of a subsidiary, Sansara Development Limited by the Company for the year ended December 31, 2018 and 2017 are Baht 8.09 million and Baht 7.81 million, respectively. The Company agreed not to charge them back to such subsidiary.

4.7 Commitments and contingent liabilities

Operating leases

As at December 31, 2018, the Group entered into a long-term lease of land, buildings and vehicle with related parties for periods of 1 year to 5 years. The future minimum lease payments are summarized as follows:

Year	Unit: Baht
Within 1 year	3,566,030.00
Over 1 year but not over 5 years	3,863,310.00

Capital expenditure

As at December 31, 2018, the subsidiaries have construction contract with a related party. The subsidiary have commitments under these contracts totaling amount of Baht 96.04 million.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	319,107.04	242,006.09	99,101.00	77,000.00
Cash at banks - saving accounts	128,079,684.21	22,502,653.29	97,138,974.91	14,547,759.61
Cash at banks - current accounts	1,864,594.57	3,192,035.11	1,317,863.23	2,617,377.24
High liquidity short-term investments	61,297,743.00	55,237,052.47	61,297,743.00	40,197,148.98
Total	191,561,128.82	81,173,746.96	159,853,682.14	57,439,285.83

6. TRADE AND OTHER RECEIVABLES - NET

Trade and other receivables - net as at December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables				
Trade receivables - other parties	102,230,131.49	86,389,966.64	83,024,944.71	77,270,219.45
Trade receivables - related parties	2,968,617.11	-	3,598,537.42	373,468.46
<u>Less</u> Allowance for doubtful accounts	(13,558,180.92)	(14,259,884.16)	(9,303,669.64)	(9,863,036.38)
Total trade receivables - net	91,640,567.68	72,130,082.48	77,319,812.49	67,780,651.53
Other receivables				
Other receivables - related parties	29,970,398.38	-	2,271,460.31	54,463.00
Advances to related parties	-	-	3,795,775.34	3,455,109.45
Accrued interest income - related parties	-	-	4,431,921.05	444,759.59
Unbilled receivables	2,879,076.39	4,807,170.66	-	280,999.92
Prepaid commission expenses	4,270,457.84	-	-	-
Prepaid expenses	2,214,458.66	1,436,862.98	831,906.88	877,888.83
Revenue Department receivable	8,383,216.12	7,027,486.46	264,520.95	82,709.19
Others	349,641.20	1,792,919.78	304,641.20	167,656.18
<u>Less</u> Allowance for doubtful accounts	-	-	(3,442,258.93)	(3,420,674.93)
Total other receivables - net	48,067,248.59	15,064,439.88	8,457,966.80	1,942,911.23
Total trade and other receivables - net	139,707,816.27	87,194,522.36	85,777,779.29	69,723,562.76

As at December 31, 2018 and 2017, aging of trade receivables were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables - other parties				
Within credit term	58,567,959.85	49,403,124.92	56,002,908.08	49,403,124.92
Over credit term				
Up to 3 months	21,186,266.59	21,803,956.74	15,788,097.25	18,349,803.87
3-6 months	3,614,164.98	645,304.42	669,215.69	156,226.64
6-12 months	3,579,512.93	1,882,433.83	671,237.25	1,455,603.44
Over 12 months	15,282,227.14	12,655,146.73	9,893,486.44	7,905,460.58
Total trade receivables - other parties	102,230,131.49	86,389,966.64	83,024,944.71	77,270,219.45
<u>Less</u> Allowance for doubtful accounts	(13,558,180.92)	(14,259,884.16)	(9,303,669.64)	(9,863,036.38)
Total trade receivables - other parties - net	88,671,950.57	72,130,082.48	73,721,275.07	67,407,183.07
Trade receivables - related parties				
Within credit term	2,702,732.81	-	3,322,498.81	256,029.55
Over credit term				
Up to 3 months	265,884.30	-	265,884.30	117,438.91
3-6 months	-	-	10,154.31	-
6-12 months	-	-	-	-
Over 12 months	-	-	-	-
Total trade receivables - related parties	2,968,617.11	-	3,598,537.42	373,468.46
Total trade receivables - net	91,640,567.68	72,130,082.48	77,319,812.49	67,780,651.53

7. INVENTORIES - NET

Inventories - net as at December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	65,569,486.52	55,912,035.20	65,569,486.52	55,323,173.53
Raw materials	21,246,829.14	31,188,516.72	-	-
Work-in-progress	12,120,843.49	20,117,914.14	1,442,633.17	409,394.02
<u>Less</u> Allowance for obsolete inventory	(5,517,137.69)	(5,842,768.64)	(3,393,676.37)	(3,740,038.26)
Net	93,420,021.46	101,375,697.42	63,618,443.32	51,992,529.29

8. REAL ESTATE DEVELOPMENT COST

Real estate development cost as at December 31, 2018 and 2017 are as follows:

	Unit: Baht	
	Consolidated financial statements	
	2018	2017
Land	463,448,600.00	-
Project Consultant	6,895,724.14	-
Construction	95,723,285.16	-
Capitalization of interest	10,042,794.81	-
Total	576,110,404.11	-

As at December 1, 2017, the Company entered into the sales and purchase of “The Teak Sukhumvit 39” agreement with LKH Development Company Limited (“the Seller”) to purchase of “The Teak Sukhumvit 39”, 8-storey residential condominium project at the purchase price of Baht 145.00 million. Said price comprises both land costs and preliminary expenses. Ownership of land, licenses, and the reservation fee for purchase of condominium units will be transferred to a new subsidiary, Teak Development Limited to operate “The Teak Sukhumvit 39” and a future real estate project by granting of right to use “THE TEAK” brand.

In February 2018, Teak Development Limited made a payment for the purchase of “The Teak Sukhumvit 39” project in the entire amount and entered into the land sale agreement at the land office with the Seller to receive transfer of ownership of such land. The purchase price of the project has been recorded as “cost of real estate development project” account.

As at December 31, 2018, the subsidiary has not yet received deposits and advances, for purchases of condominium units in “The Teak Sukhumvit 39” project, for 52 condominium units, in the amount of Baht 29.97 million, according to the sales and purchase agreements. The customer continued to make installment payments for the purchase of 50 condominium units through the Seller’s account since the rights and obligations under the sales and purchase agreements are being novated to the subsidiary, as the new party. However, such deposits and advances received were recorded as “Other receivables - LKH Development Company Limited”. (Notes 4.3 and 6) and “Deposits and advances received for the purchase of condominium units”.

As at December 31, 2018, five projects, “The Teak Sukhumvit 39” project, “The Teak Sathorn - Lumpini” project, “The Teak Ratchada” project, “The Teak Ari” project, and “The Teak Sathorn - Nanglinchee”, are in the process of construction.

For the year ended December 31, 2018, interest expenses of loans for the construction of the Projects, in the amount of Baht 10.04 million, have been capitalized as part of the cost of real estate development project.

As at December 31, 2018, the subsidiary mortgaged the land and any structures thereon of the four projects with two banks as collateral for financial support credit facilities, totaling Baht 575.95 million, for the operation of the projects.

9. RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTIONS

As at December 31, 2018, the Group held time deposits and saving with two commercial banks in the total amount of Baht 36.50 million (December 31, 2017: Baht 32.75 million). The deposits were pledged as collateral short-term trade financing facilities (Note 32.3).

10. INVESTMENTS IN SUBSIDIARIES - NET

The details of investments in subsidiaries presented in the separate financial statements as at December 31, 2018 and 2017 consisted of:

Company	Issued and paid-up capital		Shareholding proportion (%)		Unit: Thousand Baht	
	Unit: Thousands	Unit: Thousands	2018	2017	At cost	
	Baht	Rupee			2018	2017
Install Direct Company Limited	10,000.00	-	100.00	100.00	9,999.70	9,999.70
BuilderSmart Construction Systems Private Limited	-	1,000.00	99.70	100.00	683.80	683.80
D&W (Asia) Limited	60,000.00	-	100.00	100.00	59,999.70	59,999.70
Building Bling Limited	500.00	-	50.99	50.99	254.95	254.95
Sansara Development Company Limited	150,000.00	-	100.00	100.00	149,999.98	99,999.98
	(Year 2017: 100,000)					
Sansara Lifestyle Service Company Limited	500.00	-	100.00	100.00	499.98	499.98
Teak Development Limited	150,000.00	-	100.00	-	129,999.50	-
Total					371,437.61	171,438.11
<u>Less</u> Allowance for impairment loss of investments					(3,668.31)	(3,413.36)
Net					367,769.30	168,024.75

During the 1st quarter of 2018, the Company invested 1,299,995 ordinary shares in Teak Development Limited at Baht 100 each, a total of Baht 129.99 million. The subsidiary registered its incorporation with Ministry of Commerce on January 22, 2018.

During the 2nd quarter of 2018, the Extraordinary General Shareholders' Meeting No.1/2018 of the subsidiary, Sansara Development Company Limited, held on May 15, 2018, passed resolutions to increase the subsidiary's share capital by 10 million shares, each with a par value of Baht 5, totaling Baht 50.00 million. The Company fully invested in the increased share capital. The subsidiary has registered the new share capital amount with the Ministry of Commerce on May 24, 2018.

During the 3rd quarter of 2018, Board of Directors' Meeting No. 7/2018 of the subsidiary, Teak Development Limited, held on August 7, 2018, passed resolutions to increase the subsidiary's share capital by 200,000 shares, each with a par value of Baht 100, totaling Baht 20.00 million. The Company fully invested in the increased share capital. The subsidiary has registered the new share capital with the Ministry of Commerce on August 29, 2018.

11. INVESTMENT IN DEBT SECURITIES HELD TO MATURITY - NET

Movements of the investment in debt securities held to maturity - net account during the year ended December 31, 2018 is summarized below:

	Unit: Baht
	Consolidated and separate financial statements
Net book value as at January 1, 2018	11,188,800.00
Acquisition	-
Accumulated amortization	(137,461.30)
Net book value as at December 31, 2018	11,051,338.66

Such investment is investment in government bond with maturity date on December 12, 2025 and receive interest by twice per year at an interest rate of 3.85%.

As at December 31, 2018, the government bond were pledged as collateral short-term trade financing facilities (Note 32.3).

12. SENIOR LIVING PROJECT UNDER DEVELOPMENT

Movements of the senior living project under development account during the year ended December 31, 2018 is summarized below:

	Unit: Baht					
	Consolidated financial statement					
	Project				Capitalization	
	Land	Consultant	Construction	Utility expenses	of interest	Total
Project cost						
as at January 1, 2018	83,349,492.33	28,876,618.25	15,142,366.72	7,025,610.74	4,869,574.15	139,263,662.19
Acquisition	-	14,914,279.17	97,517,188.73	4,500,517.14	1,244,450.97	118,176,436.01
Total	83,349,492.33	43,790,897.42	112,659,555.45	11,526,127.88	6,114,025.12	257,440,098.20
Transfer to investment properties	(12,266,052.68)	(2,033,701.65)	(59,729,387.39)	-	(2,511,330.18)	(76,540,471.90)
Project cost						
as at December 31, 2018	71,083,439.65	41,757,195.77	52,930,168.06	11,526,127.88	3,602,694.94	180,899,626.30

For the year ended December 31, 2018, interest expenses of loans for the construction of the Senior Living Project, in the amount of Baht 1.24 million, have been capitalized as part of the cost of the Senior Living Project under development.

As at December 31, 2018, the estimated expense of the subsidiary for development and construction of opened projects to completion (excluding the costs of land and construction already recorded) is Baht 370.96 million.

13. INVESTMENT PROPERTIES - NET

Movements of the investment properties - net account during the year ended December 31, 2018 is summarized below:

	Unit: Baht
	Consolidated financial statement
	Senior Living Project - Villas
As at January 1, 2018	62,500,000.00
Transfer from Senior Living Project under development	76,540,471.90
Gain on fair value adjustment (Level 2)	49,667,328.10
As at December 31, 2018	188,707,800.00
Cost	112,037,027.19
Accumulated gain on fair value adjustment	76,670,772.81
Fair value - net	188,707,800.00

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

As at December 31, 2018, the subsidiary has three Villa Rental Agreements with the lessees. The subsidiary entered into a lease agreement to lease back a residential Villa from these lessees for a 3-year period for use as a project show-unit. The quarterly lease back fee is total Baht 1,086,615.00. Subsequently on January 1, 2019, there are two rental agreements changed the name of the lessee from other persons to be related person-close relative of director.

14. BUILDING IMPROVEMENT AND EQUIPMENT - NET

Movements of the building improvement and equipment - net account during the year ended December 31, 2018 is summarized below:

	Unit: Baht			
	Consolidated financial statements			
	As at January	Movement during the year		As at December
	1, 2018	Increase/transfer in	Decrease/transfer out	31, 2018
Cost:				
Sales gallery building	8,843,806.91	-	-	8,843,806.91
Building improvements	24,954,351.83	2,319,121.69	(878,840.10)	26,394,633.42
Machinery and factory equipment	16,545,923.98	212,386.36	(44,138.18)	16,714,172.16
Warehouse equipment	5,782,211.48	1,057,976.73	-	6,840,188.21
Furniture and office equipment	20,335,708.38	3,711,621.04	(652,026.33)	23,395,303.09
Furniture and office equipment for show-unit and sales gallery	3,741,065.30	134,758.00	-	3,875,823.30
Motor vehicles	19,834,502.88	2,101,158.89	-	21,935,661.77
Construction in progress	416,553.46	1,228,796.75	(591,766.21)	1,053,584.00
Total cost	100,454,124.22	10,765,819.46	(2,166,770.82)	109,053,172.86

Unit: Baht

Consolidated financial statements				
	As at January	Movement during the year		As at December
	1, 2018	Increase/transfer in	Decrease/transfer out	31, 2018
Accumulated depreciation:				
Sales gallery building	920,725.11	1,768,761.38	-	2,689,486.49
Building improvements	20,882,334.57	1,746,734.37	(831,600.72)	21,797,468.22
Machinery and factory equipment	13,778,304.51	1,460,595.09	(31,157.41)	15,207,742.19
Warehouse equipment	5,418,998.88	295,447.96	-	5,714,446.84
Furniture and office equipment	16,006,030.87	2,108,113.29	(638,073.64)	17,476,070.52
Furniture and office equipment for show-unit and sales gallery	384,550.30	771,357.65	-	1,155,907.95
Motor vehicles	13,334,158.00	2,375,286.74	-	15,709,444.74
Total accumulated depreciation	70,725,102.24	10,526,296.48	(1,500,831.77)	79,750,566.95
<u>Less</u> Allowance for impairment	(401,384.00)			(401,384.00)
Net	29,327,637.98			28,901,221.91

Unit: Baht

Separate financial statement				
	As at January	Movement during the year		As at December
	1, 2018	Increase/transfer in	Decrease/transfer out	31, 2018
Cost:				
Building improvements	20,671,510.84	1,877,121.69	(106,426.47)	22,442,206.06
Machinery and factory equipment	6,504,500.00	-	-	6,504,500.00
Warehouse equipment	5,584,940.25	1,057,976.73	-	6,642,916.98
Furniture and office equipment	17,129,868.56	1,697,899.94	(256,117.70)	18,571,650.80
Motor vehicles	16,899,960.82	2,101,158.89	-	19,001,119.71
Construction in progress	416,553.46	576,596.75	(591,766.21)	401,384.00
Total cost	67,207,333.93	7,310,754.00	(954,310.38)	73,563,777.55
Accumulated depreciation:				
Building improvements	17,591,007.17	1,258,197.78	(106,425.47)	18,742,779.48
Machinery and factory equipment	6,477,382.86	26,863.14	-	6,504,246.00
Warehouse equipment	5,240,013.58	295,447.96	-	5,535,461.54
Furniture and office equipment	14,272,184.59	1,436,274.19	(254,695.42)	15,453,763.36
Motor vehicles	12,281,121.97	1,788,378.28	-	14,069,500.25
Total accumulated depreciation	55,861,710.17	4,805,161.35	(361,120.89)	60,305,750.63
<u>Less</u> Allowance for impairment	(401,384.00)			(401,384.00)
Net	10,944,239.76			12,856,642.92

Depreciations for the years ended December 31, 2018 and 2017, have been charged to profit or loss of consolidated financial statements amounting to Baht 10.53 million and Baht 9.58 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 4.81 million and Baht 4.90 million, respectively.

The gross carrying amount of fully depreciated assets of the Group that were still in use as at December 31, 2018 amounted to Baht 55.93 million (December 31, 2017: Baht 46.55 million).

As at December 31, 2018, the Group has vehicles under financial lease agreements with a net book value of Baht 5.50 million. (December 31, 2017: Baht 4.48 million).

15. INTANGIBLE ASSET - NET

Movements of the intangible asset - net account during the year ended December 31, 2018 is summarized below:

	Unit: Baht			
	Consolidated financial statements			
	As at January	Movement during the year		As at December
	1, 2018	Increase/ transfer in	Decrease/ transfer out	31, 2018
Cost:				
Computer software	5,736,175.20	1,601,592.13	-	7,337,767.33
Patent and trademark	1,500,000.00	-	-	1,500,000.00
Development expenditure for design of new products	7,551,800.00	563,000.00	(3,338,934.81)	4,775,865.19
Work-in-progress computer software	4,970,576.61	4,961,224.72	(716,168.22)	9,215,633.11
Total cost	19,758,551.81	7,125,816.85	(4,055,103.03)	22,829,265.63
Accumulated amortization:				
Computer software	4,328,124.40	777,180.51	-	5,105,304.91
Patent and trademark	1,499,995.00	-	-	1,499,995.00
Development expenditure for design of new products	866,588.34	694,301.19	(668,127.20)	892,762.33
Total accumulated amortization	6,694,707.74	1,471,481.70	(668,127.20)	7,498,062.24
Net	13,063,844.07			15,331,203.39

	Unit: Baht			
	Separate financial statement			
	As at January	Movement during the year		As at December
	1, 2018	Increase/ transfer in	Decrease/ transfer out	31, 2018
Cost:				
Computer software	4,920,616.14	1,159,068.22	-	6,079,684.36
Patent and trademark	1,500,000.00	-	-	1,500,000.00
Development expenditure for design of new products	468,000.00	525,000.00	-	993,000.00
Work-in-progress computer software	3,689,167.07	3,850,493.48	(716,168.22)	6,823,492.33
Total cost	10,577,783.21	5,534,561.70	(716,168.22)	15,396,176.69

	Unit: Baht			
	Separate financial statement			
	As at January	Movement during the year		As at December
	1, 2018	Increase/ transfer in	Decrease/ transfer out	31, 2018
Accumulated amortization:				
Computer software	3,728,765.55	608,200.00	-	4,336,965.55
Patent and trademark	1,499,995.00	-	-	1,499,995.00
Development expenditure for design of new products	24,873.32	66,280.39	-	91,153.71
Total accumulated amortization	5,253,633.87	674,480.39	-	5,928,114.26
Net	5,324,149.34			9,468,062.43

Amortization for the years ended December 31, 2018 and 2017, have been charged to profit or loss of consolidated financial statements amounting to Baht 1.47 million and Baht 1.27 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 0.67 million and Baht 0.49 million, respectively.

The gross carrying amount of fully amortization intangible assets of the Group that were still in use as at December 31, 2018 amounted to Baht 4.82 million (December 31, 2017: Baht 4.47 million).

16. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Short-term loans from financial institutions as at December 31, 2018 and 2017 comprised:

	Interest rate (%)		Unit: Baht			
	As at	As at	Consolidated financial statements		Separate financial statements	
	December 31, 2018	December 31, 2017	2018	2017	2018	2017
Bank overdrafts	MOR	-	4,625,374.81	-	-	-
Trust receipt	11.25%	9.25%	1,025,072.66	4,176,083.97	1,025,072.66	4,176,083.97
Domestic trust receipt	5.00%	MLR-1.00%	34,664,039.70	1,026,234.86	34,664,039.70	-
Promissory notes	5.25%	-	25,768,417.35	-	25,768,417.35	-
Total			66,082,904.52	5,202,318.83	61,457,529.71	4,176,083.97

As at December 31, 2018, the Group has trade financing facilities from financial institutions according to loan agreements with a total maximum credit limit of Baht 397.71 million (December 31, 2017: Baht 331.00 million and US Dollars 2.37 million).

17. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables				
Trade payables - other parties	76,504,157.92	66,123,332.06	58,394,806.32	57,539,304.04
Trade payables - related parties	14,284,595.43	-	6,160.53	-
Total trade payables	90,788,753.35	66,123,332.06	58,400,966.85	57,539,304.04

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other payables				
Advances from related parties	327,723.12	253,446.00	29,673.00	19,850.00
Other payables	13,252,125.11	7,721,829.62	7,372,990.26	4,933,489.05
Other payables - related party	142,329.50	-	-	-
Commission payables	18,466,941.00	16,266,046.15	15,847,276.62	15,353,458.22
Accrued expenses	5,124,554.13	3,323,266.74	4,018,374.64	1,592,715.51
Accrued senior living project under development cost	11,677,377.72	519,151.71	-	-
Accrued bonus expenses	8,913,756.71	5,912,524.34	6,517,928.49	4,507,303.60
Revenue Department payable	168,220.65	205,722.54	-	-
Withholding tax	2,227,604.13	1,851,225.45	1,034,003.50	1,336,720.28
Reservation fee for lease - related parties	15,652,900.00	-	-	-
Reservation fee for lease - other parties	2,600,000.00	2,394,260.00	-	-
Retentions	183,124.72	358,094.06	-	-
Others	494,396.78	-	503,732.28	-
Total other payables	79,231,053.57	38,805,566.61	35,323,978.79	27,743,536.66
Total trade and other payables	170,019,806.92	104,928,898.67	93,724,945.64	85,282,840.70

18. LONG-TERM LIABILITIES UNDER FINANCE LEASES

Long-term liabilities under finance lease as at December 31, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term liabilities under finance leases				
- Within 1 year	1,678,459.22	1,661,113.92	1,669,354.55	1,551,857.88
- Over 1 year but not over 5 years	1,620,236.19	1,611,965.26	1,620,236.19	1,602,860.59
<u>Less</u> Deferred interest expenses	(182,877.43)	(197,992.19)	(182,828.47)	(193,631.86)
Present value of long-term liabilities under finance leases	3,115,817.98	3,075,086.99	3,106,762.27	2,961,086.61
<u>Less</u> Current portion of long-term liabilities under finance leases	(1,568,120.57)	(1,534,751.17)	(1,559,064.86)	(1,429,806.51)
Net	1,547,697.41	1,540,335.82	1,547,697.41	1,531,280.10

As at December 31, 2018, the Company and a subsidiary entered into financial lease agreements to rent vehicles and machinery. The rental fee is payable on a monthly basis in the total amount of Baht 217,321.80 for 12 - 48 periods ending November 5, 2022.

19. LONG-TERM LOANS FROM A FINANCIAL INSTITUTION

Movements of long-term loans from a financial institution during the year ended December 31, 2018 are summarized below:

	Unit: Baht			
	Consolidated financial statement			
	As at January 1, 2018	Movement during the year		As at December 31, 2018
	Increase	Decrease		
Long-term loans from a financial institutions				
Credit limit of Baht 131.00 million -				
The Teak Sukhumvit 39	-	83,884,000.00	-	83,884,000.00
Credit limit of Baht 154.47 million -				
The Teak Sathorn - Lumpini	-	77,470,000.00	-	77,470,000.00
Credit limit of Baht 161.25 million -				
The Teak Ari	-	78,750,000.00	-	78,750,000.00
Credit limit of Baht 160.00 million -				
The Teak Ratchada	-	80,000,000.00	-	80,000,000.00
Total	-	320,104,000.00	-	320,104,000.00
<u>Less</u> Current portion of long-term loans	-			(83,884,000.00)
Net	-			236,220,000.00

During the year ended December 31, 2018, the subsidiary, Teak Development Limited, entered into the financial support credit facility agreements with two local financial institutions to receive financial support for “The Teak Sukhumvit 39” project, “The Teak Sathorn - Lumpini” project, “The Teak Ari” project and “The Teak Ratchada” project. The significant conditions under such agreements are as follows:

No.	Credit limit	Repayment periods	Interest rate (%)	Payment conditions	Collateral
	Unit: Million Baht				
1	131.00	36 months from March 26, 2018	MLR-0.5 per annual	a) The lender shall repay the loans to release the mortgaged properties, i.e. the first lot of condominium units, within 18 months from the agreement date. b) The lender agrees to repay the loans, by whichever is higher of: (1) Repayment according to the area of the condominium requested for release from mortgage. The repayment amount must not be lower than Baht 92,000 - 94,800 per square meter. (2) 75% of the net selling price of condominium unit.	Land and building of projects and BuilderSmart Public Company Limited.

No.	Credit limit		Repayment periods	Interest rate (%)	Payment conditions	Collateral
	Unit:	Million Baht				
2		154.47	48 months from May 16, 2018	MLR-1.65 per annual	The borrower must repay loans as required by the bank.	Land and building of projects and BuilderSmart Public Company Limited.
3		161.25	48 months from October 29, 2018	MLR-1.65 per annual	a) The lender shall repay the loans to release the mortgaged properties, i.e. the first lot of condominium units, within 36 months from the agreement date. b) The lender agrees to repay the loans, by whichever is higher of: (1) Repayment according to the area of the condominium requested for release from mortgage. The repayment amount must not be lower than Baht 105,000 per square meter. (2) 75% of the net selling price of condominium unit.	Land and building of projects and BuilderSmart Public Company Limited.
4		160.00*	36 months from October 5, 2018	MLR-0.75 per annual	a) The lender shall repay the loans within the agreement date. b) The lender agrees to repay the loans, by whichever is higher of: (1) Repayment according to the area of the condominium requested for release from mortgage. The repayment amount must not be lower than Baht 105,000 per square meter. (2) 75% of the net selling price of condominium unit.	Land and building of projects and BuilderSmart Public Company Limited.
Total		606.72				

*Significant financial conditions that must be compiled for the loan no. 4: credit limit of Baht 160.00 million, were summarized as below:

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

20. SHORT-TERM LOANS FROM OTHER PARTIES - NET

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

	Interest rate (%)	Unit: Baht Consolidated and separate financial statement
Bills of Exchange	5.0%, 6.2%	100,000,000.00
<u>Less</u> Deferred interest expenses - Bills of exchange		(674,979.80)
Total		99,325,020.20

As at December 31, 2018, the Company issue the Bills of Exchange in the amount of not exceeding Baht 100.00 million and Baht 64.52 million with a maturity period of 270 days and due within February 2019, to the investors for support the operation of two subsidiaries, Teak Development Company Limited and Sansara Development Limited.

21. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movements of the present value of non-current provisions for employee benefit for the years ended December 31, 2018 and 2017 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Non-current provisions for employee benefit				
as at January 1,	6,977,986.00	7,074,285.02	5,365,323.00	5,306,595.00
Included in profit or loss:				
Current service cost	1,275,948.00	782,383.00	906,531.00	674,567.00
Interest cost	250,377.00	765,326.00	193,173.00	159,099.00
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
Financial assumptions changes	-	(382,114.00)	-	(447,082.00)
Experience adjustments	-	(1,261,894.02)	-	(327,856.00)
Benefit paid during the year	-	-	-	-
Non-current provisions for employee benefit				
as at December 31,	8,504,311.00	6,977,986.00	6,465,027.00	5,365,323.00

Non-current provisions for employee benefit for the years ended December 31, 2018 and 2017, have been charged to profit or loss of consolidated financial statements amounting to Baht 1.53 million and Baht 1.55 million, respectively, and have been charged to profit or loss of separate financial statements amounting to Baht 1.10 million and Baht 0.83 million, respectively.

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

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

Principal actuarial assumptions as at December 31, 2018 and 2017 (represented by the weighted-average) consisted of:

	(Percentage (%)/annum)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	3.08, 3.03, 2.81	3.08, 3.03, 2.81	3.08	3.08
Future monthly salary increase rate	7.96	7.96	7.96	7.96
Mortality rate	100% of Thai Mortality Ordinary Tables of 2017	100% of Thai Mortality Ordinary Tables of 2017	100% of Thai Mortality Ordinary Tables of 2017	100% of Thai Mortality Ordinary Tables of 2017

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 are summarized below:

	Unit: Million Baht			
	Change of the present value of the employee benefit obligations			
	Consolidated financial statement		Separate financial statement	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(8.11)	8.93	(6.17)	6.78
Salary increase rate	8.94	(8.10)	6.79	(6.16)
Turnover rate	(8.01)	9.04	(6.09)	6.87

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group is in the process of evaluating the impact to the financial statements when the law is effective.

22. DEFERRED INCOME TAX

Deferred income tax as at December 31, 2018 and 2017 were consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets - net	7,018,847.42	4,774,970.12	3,916,618.85	3,896,136.76
Deferred tax liabilities - net	1,392,108.00	5,235,357.74	-	-

Movements in deferred tax assets during years ended December 31, 2018 and 2017 were as follows:

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	As at			As at		
	January	As at	December	January	As at	December
	1, 2018	Profit (loss)	31, 2018	1, 2018	Profit (loss)	31, 2018
Deferred tax assets - net						
Allowance for doubtful accounts	2,243,674.16	(111,873.35)	2,131,800.81	1,972,607.27	(111,873.35)	1,860,733.92
Allowance for obsolete of inventories	1,342,472.40	(261,968.41)	1,080,503.99	748,007.65	(69,272.37)	678,735.28
Non-current provisions for employee benefit	1,165,434.60	268,785.60	1,434,220.20	1,073,064.60	219,940.80	1,293,005.40
Difference of depreciation	23,388.96	56,207.92	79,596.88	102,457.24	(18,312.99)	84,144.25
Tax losses	-	2,292,725.54	2,292,725.54	-	-	-
Total	4,774,970.12	2,243,877.30	7,018,847.42	3,896,136.76	20,482.09	3,916,618.85
Deferred tax liabilities - net						
Non-current provisions for employee benefit	230,162.60	36,479.40	266,642.00	-	-	-
Tax depreciation - investment properties	(179,914.03)	(98,387.17)	(278,301.20)	-	-	-
Gain on fair value adjustment of investment properties	(5,400,688.94)	(9,933,084.87)	(15,333,773.81)	-	-	-
Liability for guarantee refund to lessee	115,082.63	432,728.55	547,811.18	-	-	-
Tax losses	-	13,405,513.83	13,405,513.83	-	-	-
Total	(5,235,357.74)	3,843,249.74	(1,392,108.00)	-	-	-

	Unit: Baht							
	Consolidated financial statements				Separate financial statements			
	As at			As at	As at			
	January	Other	comprehensive	December	January	Other	comprehensive	
	1, 2017	Profit (loss)	income	31, 2017	1, 2017	Profit (loss)	income	
Deferred tax assets - net								
Allowance for doubtful accounts	2,653,569.79	(409,895.63)	-	2,243,674.16	1,952,753.56	19,853.71	-	1,972,607.27
Allowance for obsolete of inventories	729,439.61	613,032.79	-	1,342,472.40	581,068.86	166,938.79	-	748,007.65
Non-current provisions for employee benefit	1,391,775.60	272,734.40	(499,075.40)	1,165,434.60	1,061,319.00	166,733.20	(154,987.60)	1,073,064.60
Difference of depreciation	-	23,388.96	-	23,388.96	-	102,457.24	-	102,457.24
Total	4,774,785.00	499,260.52	(499,075.40)	4,774,970.12	3,595,141.42	455,982.94	(154,987.60)	3,896,136.76
Deferred tax liabilities - net								
Non-current provisions for employee benefit	-	49,242.00	180,920.60	230,162.60	-	-	-	-
Tax depreciation - investment properties	-	(179,914.03)	-	(179,914.03)	-	-	-	-
Gain on fair value adjustment of investment properties	-	(5,400,688.94)	-	(5,400,688.94)	-	-	-	-
Liability for guarantee refund to lessee	-	115,082.63	-	115,082.63	-	-	-	-
Total	-	(5,416,278.34)	180,920.60	(5,235,357.74)	-	-	-	-

Four subsidiaries have unutilized tax loss carried forward as at December 31, 2018 and 2017. As such subsidiaries will not have sufficient taxable profit to utilize unused tax loss as a tax credit, Management, therefore, will not account for the deferred tax on these unutilized tax losses carried forward in the financial statements.

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Unused tax losses				
Expire in next 1 year	130,573.77	-	-	-
Expire in 2 - 5 years	1,824,045.43	10,541,416.88	-	-
Temporary differences	699,802.52	665,131.70	-	-
Total	2,654,421.72	11,206,548.58	-	-

23. INCOME TAX EXPENSE

Income tax expenses for the years ended December 31, 2018 and 2017 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax expense				
Current year	12,207,129.17	10,779,794.17	12,207,129.17	10,779,794.17
Deferred tax expense				
Movements in temporary differences				
- Deferred tax assets - net	(2,243,877.30)	(499,260.52)	(20,482.09)	(455,982.94)
- Deferred tax liabilities - net	(3,843,249.74)	5,416,278.34	-	-
Income tax expenses	6,120,002.13	15,696,811.99	12,186,647.08	10,323,811.23

Reconciliation of effective tax rate for the years ended December 31, 2018 and 2017 as follows:

	Unit: Baht			
	Consolidated financial statements			
	2018		2017	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit before income tax		66,419,101.24		51,084,701.20
Income tax using the corporate tax rate	20.00	13,283,820.25	20.00	10,216,940.24
Expenses not deductible for tax purposes	1.46	970,700.30	2.40	1,228,796.25
Expenses that are deductible at a greater amount from actual expenses	-	-	(0.15)	(78,876.10)
Current year losses for which no deferred tax assets was recognized	0.02	14,837.17	12.96	6,618,189.13

	Unit: Baht			
	Consolidated financial statements			
	2018		2017	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Prior year losses which no deferred tax assets was recognized but used to reduce current tax expenses	(0.94)	(623,715.12)	(3.58)	(1,829,129.54)
Prior year losses which deferred tax assets was recognized in current year	(12.27)	(8,148,262.35)	-	-
Prior year temporary differences which no deferred tax assets was recognized	0.10	67,454.92	1.03	527,432.03
Effect from eliminate transactions	0.84	555,166.96	(1.93)	(986,540.02)
Tax expense	9.21	6,120,002.13	30.73	15,696,811.99

	Unit: Baht			
	Separate financial statements			
	2018		2017	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit before income tax		59,534,860.85		49,190,243.81
Income tax using the corporate tax rate	20.00	11,906,972.17	20.00	9,838,048.76
Expenses not deductible for tax purposes	0.36	212,219.99	1.36	667,902.06
Expenses that are deductible at a greater amount from actual expenses	-	-	(0.37)	(182,139.59)
Prior year temporary differences which no deferred tax assets was recognized	0.11	67,454.92	-	-
Tax expense	20.47	12,186,647.08	20.99	10,323,811.23

24. SHARE CAPITAL

Minutes of the Extraordinary General Meeting of Shareholders No. 1/2018, held on January 10, 2018, resolved to:

1. Approve to issue and offer, for Private Placement, 200,000,000 new ordinary shares with a par value of Baht 0.10 per share. The Company is offering the Private Placement shares at the price of Baht 0.65 per share, totaling Baht 130.00 million, to Mr. Warut Panupattanapong and three other persons as mentioned in the MOU between the Company and Mr. Warut Panupattanapong, dated September 25, 2017. The Company will use proceeds from such transaction to invest in the subsidiary to purchase The Teak Sukhumvit 39 project. The Private Placement offer date is January 18, 2018.
2. Approve to decrease the registered capital by cancelling 72,804,280 unsold ordinary shares with a par value of Baht 0.10 per share, equivalent to Baht 7,280,428.00, from the registered capital of Baht 204,736,151.00, by way of a decrease of the reserve of 36,402,140 ordinary shares for subscription by the Company's existing shareholders in proportion to their shareholding (Right Offering) and a decrease of the reserve of 36,402,140 ordinary shares for the exercise of warrant

rights to purchase the Company's Ordinary Shares No.2 (BSM-W2) where, after said capital decrease, the Company will have a registered capital of Baht 197,455,723.00. The Company registered the decrease with the Ministry of Commerce on January 19, 2018.

3. Approval to increase of the registered capital by issuing 210,585,910 new ordinary shares with a par value of Baht 0.10 per share, equivalent to Baht 21,058,591.00, from the registered capital of Baht 197,455,723.00 to yield Baht 218,514,314.00 to accommodate the Private Placement offer and to accommodate the adjusted warrant rights to purchase the Company's Ordinary Shares No.2 (BSM-W2). The Company registered the increase with the Ministry of Commerce on January 19, 2018.
4. Allocate the newly issued shares for the Private Placement offer and to accommodate the warrant rights to purchase the Company's Ordinary Shares No.2 (BSM-W2) as follows:
 - 4.1 200,000,000 newly issued shares with a par value of Baht 0.10 per share for the Private Placement at the offer price of Baht 0.65.
 - 4.2 10,585,910 newly issued shares with a par value of Baht 0.10 per share to accommodate the adjusted warrant rights to purchase the Company's Ordinary Shares No.2 (BSM-W2) of 278,576,554 units that have not been exercised. However, due to the (BSM-W2) right adjustment in case the Company issues Private Placement in lower price criteria, the Company will inform the right adjustment calculation prior effective date. Subsequent to the notification letter, dated January 17, 2018, informed the adjusted warrant rights to purchase the Company's Ordinary Shares No.2 (BSM-W2) as follows:

Where the Private Placement offer price

is lower than 90% of market price	Original	Adjustment
Exercise price	Baht 0.50 per share	Baht 0.489 per share
Exercise ratio	One warrant unit has the right to purchase one ordinary share	One warrant unit has the right to purchase 1.021 ordinary shares

However, the right adjustment will be effective on the Private Placement's first subscription date on January 18, 2018.

During year ended December 31, 2018, the existing shareholders had exercised the rights to purchase the increase share capital of 234,525,517 ordinary shares at Baht 0.10 per share amounting Baht 23,452,551.70. The Company registered new paid-in share capital amount with the Ministry of Commerce on April 10, 2018, July 12, 2018, October 10, 2018 and January 8, 2019.

Features of Warrants allotted to existing shareholders

Type:	Registered and transferable warrants for the purchase of ordinary shares
Offering units:	278,576,554 units
Offer price per unit:	Baht 0.00 (Baht Zero)
The date of issue and offering:	July 1, 2016
Term:	2 years 6 months from the date of issue and offering
Exercise ratio:	1 warrant: 1.021 ordinary share

Exercise price: One warrant unit is entitled to purchase one ordinary share at Baht 0.489 per share.

Exercise of Warrants: Warrant holders may exercise their warrants on the last business day of each quarter, last exercise date on December 28, 2018.

Market for Alternative Investment of Thailand (mai) has granted a listing of certificates representing the right to purchase shares (warrants) of the Company from July 12, 2016. As at December 31, 2018, 229,701,809 warrants were exercised, the remaining expired and unexercised BSM-W2 are 48,874,745 units of Baht 54,636,947.00.

25. EARNINGS PER SHARE

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

For the years ended December 31, 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit equity holders of the company for the year	60,319,427.19	35,537,954.27	47,348,213.77	38,866,432.58
Weighted average number of ordinary shares (Thousands shares)	1,921,632.95	1,695,980.68	1,921,632.95	1,695,980.68
Effect of dilutive potential ordinary shares				
Rights to purchase the Company's Ordinary Shares No.2 (BSM-W2) (Thousands shares)	15,005.00	-	15,005.00	-
Weighted average number of ordinary shares outstanding during the year (diluted) (Thousands shares)	1,936,637.95	1,695,980.68	1,936,637.95	1,695,980.68
Earnings per share				
Basic earnings per share (Baht/share)	0.031	0.021	0.025	0.023
Diluted earnings per share (Baht/share)	0.031	-	0.024	-

For the year ended December 31, 2017, there are no diluting effects from warrant conversions because the exercise price equals the fair value of the ordinary shares. As such, there is no dilution of earnings per share.

26. LEGAL RESERVE

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

27. PROVIDENT FUND

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

During the year ended December 31, 2018, the Group's contributions to the provident fund are Baht 1.81 million. (2017: Baht 1.70 million)

28. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changes in inventories of finished goods and work-in-process	(1,660,380.67)	749,514.66	(11,279,552.14)	8,406,505.60
Changes in cost of real estate development project	(576,110,404.11)	-	-	-
Land, project consultant and construction	566,067,609.30	-	-	-
Purchases of finished goods	301,957,968.00	263,616,766.51	304,041,759.17	263,616,766.51
Raw materials used	67,018,461.37	63,845,157.65	12,697,219.87	15,864,992.77
Depreciation and amortization	11,997,778.25	10,845,676.95	5,479,641.74	5,384,895.46
Staff costs	109,227,118.87	107,870,019.67	75,398,011.51	71,432,636.28
Commission, advertising and sale promotion	34,163,993.21	36,181,773.75	19,262,594.87	15,682,382.52
Transport and distribution expenses	6,930,216.59	6,231,952.30	5,591,287.66	5,120,608.41
Operating rental expenses	14,644,766.29	9,188,366.49	5,114,850.00	4,614,100.00
Consultant and professional service fee	5,981,700.53	5,727,086.13	3,765,639.28	2,872,792.02

29. DIVIDENDS PAID

The Annual General Shareholders' Meeting of the Company, held on April 24, 2018, passed resolutions approving the payment of a dividend from the operating results for the year 2017 of Baht 0.01 per share totaling of Baht 19.15 million. The dividend payment was made on May 22, 2018.

30. FINANCIAL INFORMATION BY SEGMENT

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

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

The Group's business segment information and reconciliation of reportable segment profit or loss for the years ended December 31, 2018 and 2017 were as follows:

	Unit: Thousand Baht													
	Sales of				Real estate				Elimination of				Consolidated	
	construction materials		Selling and installing		Senior Living Project		development		Unallocated assets		inter-segment revenue		financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from sales and services	482,876.57	439,116.72	105,752.62	123,581.18	-	-	-	-	-	-	-	-	588,629.19	562,697.90
Inter-segment revenue	387.02	1,282.67	7,860.43	409.66	-	-	-	-	-	-	(8,247.45)	(1,692.33)	-	-
Cost of sales and services	(319,836.71)	(296,035.05)	(93,011.02)	(103,379.72)	-	-	-	-	-	-	8,774.30	4,629.15	(404,073.43)	(394,785.62)
Segment gross profit	163,426.88	144,364.34	20,602.03	20,611.12	-	-	-	-	-	-	526.85	2,936.82	184,555.76	167,912.28
Other income					87.32	22.42	96.30	-	12,415.51	16,446.03	(7,043.69)	(6,326.29)	5,555.44	10,142.16
Gain on fair value adjustment of investment properties					49,667.33	27,003.44	-	-	-	-	-	-	49,667.33	27,003.44
Selling expenses					(12,440.33)	(14,836.78)	(3,126.14)	-	(56,331.40)	(51,263.40)	43.15	605.88	(71,854.72)	(65,494.30)
Administrative expenses					(15,914.45)	(16,274.82)	(7,924.15)	-	(74,956.40)	(71,223.85)	168.48	595.71	(98,626.52)	(86,902.96)
Loss on impairment of investment in subsidiary					-	-	-	-	(254.95)	(2,729.56)	254.95	2,729.56	-	-
Finance costs					(66.55)	(25.81)	(510.18)	-	(5,575.88)	(5,941.13)	3,274.42	4,391.02	(2,878.19)	(1,575.92)
Profit (loss) before income tax expense					21,333.32	(4,111.55)	(11,464.17)	-	(124,703.12)	(114,711.91)	(2,775.84)	4,932.70	66,419.10	51,084.70
Tax (expense) income					3,843.25	(5,416.28)	2,292.73	-	(12,255.98)	(10,280.53)	-	-	(6,120.00)	(15,696.81)
Profit (loss) for the year					25,176.57	(9,527.83)	(9,171.44)	-	(136,959.10)	(124,992.44)	(2,775.84)	4,932.70	60,299.10	35,387.89

The reconciliations of each segment total assets to the Group's assets and other material items as at December 31, 2018 and 2017 were as follows:

	Unit: Thousand Baht													
	Sale of construction						Real estate		Unallocated		Elimination of inter-		Consolidated	
	materials		Selling and installing		Senior Living Project		development project		assets		segment revenue		financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Non-current assets														
Restricted deposits with financial institutions	33,500.00	29,750.00	3,000.00	3,000.00	-	-	-	-	-	-	-	-	36,500.00	32,750.00
Investment in debt securities held to maturity - net	11,051.34	11,188.80	-	-	-	-	-	-	-	-	-	-	11,051.34	11,188.80
Senior living project under development	-	-	-	-	184,559.35	140,371.51	-	-	-	-	(3,659.72)	(1,107.85)	180,899.63	139,263.66
Investment properties - net	-	-	-	-	188,707.80	62,500.00	-	-	-	-	-	-	188,707.80	62,500.00
Building improvement and equipment - net	12,856.64	10,944.24	5,109.36	5,408.34	10,161.12	12,956.41	766.68	-	7.42	18.65	-	-	28,901.22	29,327.64
Intangible asset - net	9,468.06	5,324.15	4,561.70	7,044.02	1,301.44	695.67	-	-	-	-	-	-	15,331.20	13,063.84
Deferred tax assets - net	3,916.62	3,896.14	809.50	878.83	-	-	2,292.73	-	-	-	-	-	7,018.85	4,774.97
Other non-current assets	1,578.54	743.77	810.00	3,509.36	169.42	852.79	1,647.00	-	-	-	-	-	4,204.96	5,105.92
Total non-current assets	72,371.20	61,847.10	14,290.56	19,840.55	384,899.13	217,376.38	4,706.41	-	7.42	18.65	(3,659.72)	(1,107.85)	472,615.00	297,974.83

For the years ended December 31, 2018 and 2017, the Group has a major customer accounting for sales of construction material in the amounts of Baht 61.31 million and Baht 51.73 million, respectively.

Geographical segments information

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. In addition, the Group has insignificant assets located in foreign countries.

The Group's geographical segment information for the years ended December 31, 2018 and 2017 were as follows:

	Unit: Thousand Baht							
	Thailand		Foreign countries		Elimination of		Consolidated	
	2018	2017	2018	2017	inter-segment revenue		financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017
For the year ended December 31,								
Revenue from sales and services	512,210.07	468,776.11	84,666.57	95,614.12	(8,247.45)	(1,692.33)	588,629.19	562,697.90

31. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT POLICIES

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

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

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

B) INTEREST RATE RISK

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

As at December 31, 2018 and 2017, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

	Unit: Thousand Baht						
	Consolidated financial statement						
	As at December 31, 2018						
	Fixed interest rates			Floating			Effective
	Within			interest	Non-interest		interest rate
	At call	1 year	1 - 5 years	rate	bearing	Total	(% p.a.)
Financial assets							
Cash and cash equivalents	-	61.30	-	128.08	2.18	191.56	0.13-2.10
Trade and other current receivables	-	-	-	-	139.71	139.71	-
Restricted deposits with financial institutions	-	-	33.50	3.00	-	36.50	0.50-1.50
Investment in debt securities held to maturity - net	-	-	11.05	-	-	11.05	2.22
Financial liabilities							
Short-term loans from financial institutions	-	61.46	-	4.62	-	66.08	5.00-11.25
Trade and other current payables	-	-	-	-	170.02	170.02	-
Short-term loans from other parties - net	-	-	-	99.33	-	99.33	5.00-6.20
Liabilities under finance leases	-	1.57	1.55	-	-	3.12	3.81-6.69
Long-term loans from financial institutions	-	-	-	320.10	-	320.10	5.28, 6.65

Unit: Thousand Baht							
Consolidated financial statement							
As at December 31, 2017							
	Fixed interest rates			Floating		Effective interest rate (% p.a.)	Total
	Within			interest rate	Non-interest bearing		
	At call	1 year	1 - 5 years				
Financial assets							
Cash and cash equivalents	-	50.20	-	27.54	3.43	81.17	0.13-3.30
Trade and other current receivables	-	-	-	-	87.19	87.19	-
Restricted deposits with financial institutions	-	-	32.75	-	-	32.75	0.37-1.50
Investment in debt securities held to maturity - net	-	-	11.19	-	-	11.19	2.22
Financial liabilities							
Short-term loans from financial institutions	-	-	-	5.20	-	5.20	5.25-9.25
Trade and other current payables	-	-	-	-	104.93	104.93	-
Liabilities under finance leases	-	1.54	1.54	-	-	3.08	3.99-6.49

C) FOREIGN CURRENCY RISK

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

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

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

D) CREDIT RISK

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

E) FAIR VALUE

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

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

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

32. COMMITMENTS AND CONTINGENT LIABILITIES

32.1 Operating leases commitments

As at December 31, 2018, the Group entered into long-term rental agreements with third parties for land, building, cars and services for periods of 1 year to 5 years. The commitment to repay leases and service fees, according to agreements, are summarized as follows:

Year	Unit: Baht
Within 1 year	15,101,798.84
Over 1 year but not over 5 years	14,964,043.92

32.2 Capital expenditure commitments

As at December 31, 2018, a subsidiary company has several construction contracts. The subsidiary company has commitment under these contracts totaling amount of Baht 26.72 million. (December 31, 2017: Baht 25.26 million).

32.3 Commitments and contingent liabilities with financial institutions

As at December 31, 2018, the Group has outstanding commitments and contingent liabilities with financial institutions as follows:

	Consolidated financial statement		
	Unit: Million Baht		
	Credit limit	Used	Unused
1) Bank overdrafts	35.70	(4.63)	31.07
2) Short-term loan - trust receipts, letters of credit and promissory notes	204.38*	(61.46)	142.92
3) Forward contract	35.00	-	35.00
4) Letter of guarantee	122.63	(48.23)	74.40
5) Long-term loan	606.72	(320.10)	286.62
	1,004.43	(434.42)	570.01

* Joint credit limit of the Company and a subsidiary

As at December 31, 2018, the Group had letters of guarantee issued by financial institutions for payment of goods to certain suppliers amounting to Baht 48.23 million.

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

33. CAPITAL MANAGEMENT

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

According to the statement of financial position as at December 31, 2018, the Group and the Company's debt-to-equity ratio were 1.30:1 and 0.42:1 respectively (as at December 31, 2017: 0.54:1 and 0.27:1)

34. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

Board of Directors' Meeting No. 1/2019, held on February 21, 2019, resolved to propose an agenda to the Annual General Shareholders' Meeting of 2019 to consider and approve the dividend payment from the operating results of the year 2018 at Baht 0.015 per share, totaling Baht 31.96 million.

35. RECLASSIFICATION

The Group has reclassified certain accounts in the statement of financial position as at December 31, 2017, to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

Account	Unit: Baht		
	Consolidated financial statements		
	As previously reported	Reclassified amount	As reclassified
Statement of financial position			
Current liabilities			
Retentions	-	1,723,847.47	1,723,847.47
Non-current liabilities			
Retentions	1,723,847.47	(1,723,847.47)	-

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of directors on February 21, 2019.