

Quality Houses Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Quality Houses Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Quality Houses Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Quality Houses Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quality Houses Public Company Limited and its subsidiaries and of Quality Houses Public Company Limited as at 31 December 2023, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of revenue from sales of real estate

The Group has disclosed its accounting policy relating to recognition of revenue from sales of real estate in Note 4.1 to the financial statements. Revenue from sales of real estate is the most significant account in the statements of comprehensive income and it is a key performance indicator to which the management and the users of the financial statements pay particular attention. In addition, the Group has a number of property development projects for sale and a large number of property sales agreements. I therefore addressed the occurrence of revenue and relevance to the business of revenue recognition as a key audit matter.

I examined the recognition of revenue from sales of real estate of the Group by:

- Assessing and testing the Group's IT systems and its internal controls with respect to the cycle of revenue from sales of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select land and house sale agreements or condominium sale agreements to assess whether recognition of revenue from sales was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performing analytical procedures on disaggregated data to detect possible irregularities in revenue from sale of real estate transactions throughout the period, particularly for accounting entries made through journal vouchers.

Provision for loss on diminution in value of land and construction in progress and land and project development costs

The Group presented details of land and construction in progress, land and project development costs and provision for loss on diminution in value of projects in Notes 9 and 16 to the financial statements. In determining the loss on diminution in value of land and construction in progress and land and project development costs, management had to exercise judgement with respect to the nature of the project, the economic situation and the competitive environment in the market. There is thus a risk with respect to the amount of provision for land and construction in progress and land and project development costs.

I gained an understanding and assessed the method and assumptions that the management used in determination of provision for diminution in value of real estate project by

- Gaining an understanding of the basis used in determining the provision for diminution in value of land and construction in progress and land and project development costs, and reviewing the consistency of the use of such basis, and the rationale for the recognition of specific provisions.
- Comparing data on project holding periods and movements in real estate project unit sales and reviewing the gross profit margins of projects in which units were sold during the current year to identify projects with indicators of lower than normal unit turnover.
- Comparing cash receipts from sales transactions after the date of the financial statements with the cost of land and construction in progress and land and project development costs.
- Comparing the net book value of land and construction in progress and land and project development costs with the expected net realisable values from sales of units in the projects.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, 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 Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 27 February 2024

Quality Houses Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Assets					
Current assets					
Cash and cash equivalents	6, 7	1,347,699,498	1,530,297,808	341,654,403	520,900,434
Trade and other receivables	6, 8	94,315,689	42,287,234	21,544,470	9,211,686
Land and construction in progress	9	20,312,125,654	19,267,038,283	11,161,000,459	11,416,768,387
Advance for construction work		2,530,565	3,119,699	1,530,565	1,530,565
Advance for construction material		41,736,846	50,559,079	33,321,137	42,044,226
Assets recognised in respect of cost to obtain contracts with customers	10	10,088,683	10,088,683	10,088,683	10,088,683
Other current assets		64,834,292	70,611,504	5,852,976	5,683,704
Total current assets		21,873,331,227	20,974,002,290	11,574,992,693	12,006,227,685
Non-current assets					
Investments in subsidiaries	11	-	-	8,194,722,008	7,883,001,444
Investments in associates	12	11,694,620,476	11,590,217,419	11,694,620,476	11,590,217,419
Long-term loans to and interest receivables					
- related parties	6	-	-	6,733,440,040	6,668,431,678
Investment properties	13	464,431,982	471,663,829	464,431,982	471,663,829
Property, plant and equipment	14	1,435,121,035	1,532,779,524	185,852,808	202,344,843
Right-of-use assets	15	633,523,024	816,701,956	158,768,004	209,527,823
Land and project development costs	16	6,386,150,639	7,409,944,426	2,164,588,445	2,130,530,341
Deposits for lease of land and building		10,800,000	6,800,000	10,800,000	6,800,000
Deposits for purchase of land		87,097,300	15,279,600	-	-
Deferred tax assets	27	830,335,207	789,763,304	216,667,408	216,488,344
Other non-current assets	6	26,685,151	18,682,005	18,564,993	10,747,122
Total non-current assets		21,568,764,814	22,651,832,063	29,842,456,164	29,389,752,843
Total assets		43,442,096,041	43,625,834,353	41,417,448,857	41,395,980,528

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

Quality Houses Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	497,218,562	1,000,000,000	497,218,562	1,000,000,000
Trade and other payables	6, 18	690,707,049	672,901,356	445,879,512	434,456,063
Current portion of long-term loans	19	561,612,412	1,919,141,340	561,612,412	1,919,141,340
Current portion of unsecured debentures	20	5,229,109,579	-	5,229,109,579	-
Current portion of lease liabilities	6, 15	174,002,972	164,056,480	37,933,465	32,764,822
Income tax payable		79,890,941	132,509,766	51,344,823	82,914,209
Short-term provisions	22	688,507,929	663,262,166	368,067,178	350,248,215
Advance received from customers		96,636,612	116,518,204	64,759,350	96,640,193
Deposits for rental and service	6	32,261,410	36,668,831	26,960,883	30,537,502
Retention guarantees		271,942,899	239,554,718	122,427,882	110,455,971
Current portion of rental income received in advance	6	27,224,000	27,224,000	27,224,000	27,224,000
Other current liabilities	6	451,953,490	510,087,477	163,067,048	155,579,981
Total current liabilities		8,801,067,855	5,481,924,338	7,595,604,694	4,239,962,296
Non-current liabilities					
Long-term loans, net of current portion	19	561,612,412	1,122,370,023	561,612,412	1,122,370,023
Unsecured debentures, net of current portion	20	4,135,729,284	7,381,295,569	4,135,729,284	7,381,295,569
Lease liabilities, net of current portion	6, 15	571,746,511	737,006,138	161,817,561	191,007,681
Provision for long-term employee benefits	21	259,853,349	280,658,600	161,089,330	181,490,088
Long-term provisions	22	374,322,105	397,422,300	63,983,795	54,857,910
Rental income received in advance, net of current portion	6	324,231,922	351,381,428	324,231,922	351,381,428
Deferred tax liabilities	27	152,744	160,424	-	-
Deferred compensatory damage income	34	40,850,000	40,850,000	40,850,000	40,850,000
Total non-current liabilities		6,268,498,327	10,311,144,482	5,449,314,304	9,323,252,699
Total liabilities		15,069,566,182	15,793,068,820	13,044,918,998	13,563,214,995

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

Quality Houses Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Shareholders' equity					
Share capital					
Registered					
10,714,426,091 ordinary shares of Baht 1 each		10,714,426,091	10,714,426,091	10,714,426,091	10,714,426,091
Issued and fully paid-up					
10,714,381,645 ordinary shares of Baht 1 each		10,714,381,645	10,714,381,645	10,714,381,645	10,714,381,645
Share premium		379,246,114	379,246,114	379,246,114	379,246,114
Retained earnings					
Appropriated - statutory reserve	23	1,071,442,609	1,071,442,609	1,071,442,609	1,071,442,609
Unappropriated		17,335,441,214	16,629,668,226	17,335,441,214	16,629,668,226
Other components of shareholders' equity		(1,127,981,723)	(961,973,061)	(1,127,981,723)	(961,973,061)
Total shareholders' equity		28,372,529,859	27,832,765,533	28,372,529,859	27,832,765,533
Total liabilities and shareholders' equity		43,442,096,041	43,625,834,353	41,417,448,857	41,395,980,528
		-	-	-	-

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

Directors

Quality Houses Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Profit or loss:					
Revenues					
Revenue from sales of real estate	6, 24	7,619,274,561	8,226,938,382	4,320,735,849	5,350,610,016
Revenue from hotel operations	24	1,214,862,669	716,953,659	248,229,784	154,137,203
Revenue from office rental operations	6, 24	134,078,408	282,235,081	134,078,408	282,235,081
Other income					
Income from forfeiture of booking and down payments		1,189,441	1,937,293	699,791	1,290,347
Others	6	267,597,858	216,850,876	117,994,265	110,146,536
Total revenues		9,237,002,937	9,444,915,291	4,821,738,097	5,898,419,183
Expenses					
Cost of real estate sold	6	5,185,974,367	5,490,579,676	2,828,139,504	3,501,079,385
Cost of hotel operations	6	715,993,267	495,915,807	119,329,011	104,827,030
Cost of office rental operations	6	60,566,875	110,885,393	60,566,875	110,885,393
Selling expenses		583,385,186	493,722,900	273,865,905	309,793,388
Administrative expenses	6	1,487,529,064	1,500,715,834	826,105,115	849,014,736
Total expenses		8,033,448,759	8,091,819,610	4,108,006,410	4,875,599,932
Profit from operating activities		1,203,554,178	1,353,095,681	713,731,687	1,022,819,251
Share of profit from investments in subsidiaries	11	-	-	306,645,667	111,363,209
Share of profit from investments in associates	12	1,753,258,049	1,585,987,389	1,753,258,049	1,585,987,389
Interest income	6	3,387,652	3,986,239	178,975,926	186,067,180
Finance cost	6, 25	(237,508,690)	(259,258,832)	(274,569,693)	(282,718,282)
Profit before income tax expenses		2,722,691,189	2,683,810,477	2,678,041,636	2,623,518,747
Income tax expenses	27	(220,067,447)	(288,279,716)	(175,417,894)	(227,987,986)
Profit for the year		2,502,623,742	2,395,530,761	2,502,623,742	2,395,530,761
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of associates					
- net of income tax	12, 27	33,879,519	(59,417,387)	33,879,519	(59,417,387)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		33,879,519	(59,417,387)	33,879,519	(59,417,387)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of associates					
- net of income tax	12, 27	(417,713,445)	(309,946,557)	(417,713,445)	(309,946,557)
Actuarial gains - net of income tax	21, 27	27,992,881	-	22,917,984	-
Share of other comprehensive income of subsidiaries					
- net of income tax	11, 27	-	-	5,074,897	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(389,720,564)	(309,946,557)	(389,720,564)	(309,946,557)
Other comprehensive income for the year		(355,841,045)	(369,363,944)	(355,841,045)	(369,363,944)
Total comprehensive income for the year		2,146,782,697	2,026,166,817	2,146,782,697	2,026,166,817
Earnings per share:	28				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.23	0.22	0.23	0.22

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

Quality Houses Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2023

(Unit: Baht)

Consolidated financial statements									
Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity				
			Appropriated - statutory reserve	Unappropriated	Surplus on changes in value of financial assets	Share of other comprehensive income of associates	Total other components of shareholders' equity	Total shareholders' equity	
Balance as at 1 January 2022	10,714,381,645	379,246,114	1,071,442,609	15,414,637,161	1,294	(594,544,164)	(594,542,870)	26,985,164,659	
Investment in equity instruments derecognised of associate during the year	-	-	-	(1,933,753)	-	1,933,753	1,933,753	-	
Profit for the year	-	-	-	2,395,530,761	-	-	-	2,395,530,761	
Other comprehensive income for the year	-	-	-	-	-	(369,363,944)	(369,363,944)	(369,363,944)	
Total comprehensive income for the year	-	-	-	2,395,530,761	-	(369,363,944)	(369,363,944)	2,026,166,817	
Dividend payment	31	-	-	(1,178,565,943)	-	-	-	(1,178,565,943)	
Balance as at 31 December 2022		10,714,381,645	379,246,114	1,071,442,609	16,629,668,226	1,294	(961,974,355)	(961,973,061)	27,832,765,533
Balance as at 1 January 2023		10,714,381,645	379,246,114	1,071,442,609	16,629,668,226	1,294	(961,974,355)	(961,973,061)	27,832,765,533
Investment in equity instruments derecognised of associate during the year		-	-	-	(217,825,264)	-	217,825,264	217,825,264	-
Profit for the year		-	-	-	2,502,623,742	-	-	-	2,502,623,742
Other comprehensive income for the year		-	-	-	27,992,881	-	(383,833,926)	(383,833,926)	(355,841,045)
Total comprehensive income for the year		-	-	-	2,530,616,623	-	(383,833,926)	(383,833,926)	2,146,782,697
Dividend payment	31	-	-	-	(1,607,018,371)	-	-	-	(1,607,018,371)
Balance as at 31 December 2023		10,714,381,645	379,246,114	1,071,442,609	17,335,441,214	1,294	(1,127,983,017)	(1,127,981,723)	28,372,529,859
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-

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

Quality Houses Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2023

(Unit: Baht)

Separate financial statements									
					Other components of equity				
					Other comprehensive income				
	Issued and		Retained earnings		Surplus on	Share of other	Total other	Total	
	paid-up		Appropriated		changes in value	comprehensive income	components of	shareholders'	
Note	share capital	Share premium	- statutory reserve	Unappropriated	of financial assets	of associates	shareholders' equity	equity	
Balance as at 1 January 2022	10,714,381,645	379,246,114	1,071,442,609	15,414,637,161	1,294	(594,544,164)	(594,542,870)	26,985,164,659	
Investment in equity instruments derecognised									
of associate during the year	-	-	-	(1,933,753)	-	1,933,753	1,933,753	-	
Profit for the year	-	-	-	2,395,530,761	-	-	-	2,395,530,761	
Other comprehensive income for the year	-	-	-	-	-	(369,363,944)	(369,363,944)	(369,363,944)	
Total comprehensive income for the year	-	-	-	2,395,530,761	-	(369,363,944)	(369,363,944)	2,026,166,817	
Dividend payment	31	-	-	(1,178,565,943)	-	-	-	(1,178,565,943)	
Balance as at 31 December 2022	10,714,381,645	379,246,114	1,071,442,609	16,629,668,226	1,294	(961,974,355)	(961,973,061)	27,832,765,533	
Balance as at 1 January 2023	10,714,381,645	379,246,114	1,071,442,609	16,629,668,226	1,294	(961,974,355)	(961,973,061)	27,832,765,533	
Investment in equity instruments derecognised									
of associate during the year	-	-	-	(217,825,264)	-	217,825,264	217,825,264	-	
Profit for the year	-	-	-	2,502,623,742	-	-	-	2,502,623,742	
Other comprehensive income for the year	-	-	-	27,992,881	-	(383,833,926)	(383,833,926)	(355,841,045)	
Total comprehensive income for the year	-	-	-	2,530,616,623	-	(383,833,926)	(383,833,926)	2,146,782,697	
Dividend payment	31	-	-	(1,607,018,371)	-	-	-	(1,607,018,371)	
Balance as at 31 December 2023	10,714,381,645	379,246,114	1,071,442,609	17,335,441,214	1,294	(1,127,983,017)	(1,127,981,723)	28,372,529,859	
	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	

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

Quality Houses Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit before tax	2,722,691,189	2,683,810,477	2,678,041,636	2,623,518,747
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in land and construction in progress as a result of transfer to cost of sales	5,113,238,504	5,402,588,024	2,737,792,812	3,406,154,267
Depreciation	149,734,623	183,959,727	49,895,921	90,492,256
Depreciation of right-of-use assets	170,931,431	178,438,581	38,512,318	46,414,397
Allowance for expected credit losses	1,164,145	538,798	369,334	60,853
Unrealised exchange gains	1,167,044	(3,428,556)	-	-
Share of profit from investments in subsidiaries	-	-	(306,645,667)	(111,363,209)
Share of profit from investments in associates	(1,753,258,049)	(1,585,987,389)	(1,753,258,049)	(1,585,987,389)
Income from forfeiture of booking and down payments	(1,189,441)	(1,937,293)	(699,791)	(1,290,347)
Interest income	(3,387,652)	(3,986,239)	(178,975,926)	(186,067,180)
Gain on sales of equipment	(6,460,149)	(75,473)	(2,456,213)	(54,317)
Provision for loss arising from litigations	36,260,081	107,521,107	28,382,822	29,784,394
Reversal of provision for loss arising from litigations	-	(34,229,812)	-	(20,562)
Provision for loss on diminution in value of projects	106,281,697	82,595,085	-	28,264,641
Reversal of provision for loss on diminution in value of projects	(64,747,438)	(50,217,388)	(14,058,667)	(8,793,471)
Provision for housing repairment	61,273,271	65,785,161	36,927,569	42,155,248
Provision for long-term employee benefits	24,265,561	24,107,474	15,426,755	15,521,110
Transfer deferred financial fees to finance cost	4,713,542	4,536,940	4,713,542	4,536,940
Interest expenses	187,997,731	206,407,812	250,414,934	259,455,099
Interest expenses from lease liabilities	30,570,079	35,711,181	8,210,513	9,009,665
Income from rental fees waived	-	(54,900,000)	-	-
Profit from operating activities before changes in operating assets and liabilities	6,781,246,169	7,241,238,217	3,592,593,843	4,661,791,142
Decrease (increase) in operating assets				
Trade and other receivables	(54,359,644)	(13,522,742)	(12,702,118)	(2,604,156)
Land and construction in progress	(3,378,944,846)	(2,195,784,765)	(2,100,332,395)	(1,641,743,400)
Advance for construction work	589,134	(589,134)	-	-
Advance for construction material	8,822,233	13,420,986	8,723,089	12,776,114
Other current assets	25,879,002	9,902,469	(169,272)	1,434,057
Land and project development costs	(1,640,155,905)	(2,267,705,961)	(320,469,327)	(825,571,791)
Deposits for lease of land and building	(4,000,000)	6,800,000	(4,000,000)	6,800,000
Deposits for purchase of land	(87,097,300)	(15,279,600)	-	19,604,000
Other non-current assets	(8,003,146)	12,275,712	(7,817,871)	(165,050)

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

Quality Houses Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Increase (decrease) in operating liabilities				
Trade and other payables	14,002,103	126,598,200	7,619,860	60,168,980
Advance received from customers	(45,841,657)	28,437,579	(58,330,558)	26,008,576
Deposits for rental and service	(4,407,421)	(36,542,004)	(3,576,619)	(35,980,299)
Retention guarantees	32,388,181	9,734,990	11,971,911	(393,449)
Other current liabilities	(94,161,495)	31,267,470	(11,621,539)	10,204,260
Cash paid for litigation compensation	(59,360,276)	(2,596,544)	(19,256,937)	(2,415,235)
Paid for long-term employee benefits	(10,079,712)	(8,917,390)	(7,180,033)	(7,810,723)
Cash flows from operating activities	1,476,515,420	2,938,737,483	1,075,452,034	2,282,103,026
Cash paid for income tax	(340,365,864)	(298,556,089)	(212,895,840)	(227,809,165)
Net cash flows from operating activities	1,136,149,556	2,640,181,394	862,556,194	2,054,293,861
Cash flows from investing activities				
Dividends received from associates	1,265,021,066	1,150,478,300	1,265,021,066	1,150,478,300
(Increase) decrease in long-term loans to related party	-	-	(65,000,000)	1,171,000,000
Interest income	3,387,652	3,986,239	178,967,564	186,327,308
Increase in property, plant and equipment - net of disposals	(17,383,493)	(114,763,463)	(2,715,181)	(3,227,224)
Net cash flows from investing activities	1,251,025,225	1,039,701,076	1,376,273,449	2,504,578,384
Cash flows from financing activities				
Increase (decrease) in short-term loan from financial institutions	(500,000,000)	1,000,000,000	(500,000,000)	1,000,000,000
Cash received from long-term loans	-	1,500,000,000	-	1,500,000,000
Repayment of long-term loans	(1,919,141,340)	(1,600,000,000)	(1,919,141,340)	(1,600,000,000)
Cash received from issuance of debentures	1,912,460,500	2,868,121,597	1,912,460,500	2,868,121,597
Cash paid for redemption of debentures	-	(7,500,000,000)	-	(7,500,000,000)
Dividend paid	(1,607,018,371)	(1,178,565,943)	(1,607,018,371)	(1,178,565,943)
Cash paid for financial fees	(2,311,200)	(6,794,835)	(2,311,200)	(6,794,835)
Cash paid for interest expenses	(259,126,322)	(337,066,503)	(261,080,129)	(337,600,269)
Cash paid for lease liabilities	(194,636,358)	(101,496,138)	(40,985,134)	(42,005,015)
Net cash flows used in financing activities	(2,569,773,091)	(5,355,801,822)	(2,418,075,674)	(5,296,844,465)
Net decrease in cash and cash equivalents	(182,598,310)	(1,675,919,352)	(179,246,031)	(737,972,220)
Cash and cash equivalents at beginning of year	1,530,297,808	3,206,217,160	520,900,434	1,258,872,654
Cash and cash equivalents at end of year (Note 7)	1,347,699,498	1,530,297,808	341,654,403	520,900,434
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Transfer of land and project development costs to land and construction in progress	2,688,745,231	2,348,904,758	295,927,162	1,263,647,632
Transfer of deposit for purchase of land to land and project development costs	15,279,600	47,837,100	-	28,233,100
Interest expenses recorded as cost of projects	141,685,996	139,421,730	81,222,599	86,908,208
Actuarial gains - net of income tax	27,992,881	-	27,992,881	-
Decrease in share of other comprehensive income of associates - net of income tax	(383,833,926)	(369,363,944)	(383,833,926)	(369,363,944)
Increase in investment property due to new lease agreement	21,000,645	-	21,000,645	-
Increase in right-of-use assets due to new lease agreements	3,411,558	23,111,694	3,411,558	14,527,952
Decrease in right-of-use assets due to lease modification	(15,659,059)	-	(15,659,059)	-

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

Quality Houses Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2023

1. General information

Quality Houses Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. The registered office of the Company is at 7th Floor, Q. House Lumpini Building, No. 1 South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Quality Houses Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2023	2022
			%	%
Casa Ville Co., Ltd.	Real estate development	Thailand	100	100
Q.H. International Co., Ltd.	Managing of building	Thailand	100	100
Property Host Co., Ltd.	Lease of land	Thailand	100	100
Centre Point Hospitality Co., Ltd.	Hotel operations	Thailand	100	100
The Confidence Co., Ltd.*	Real estate development	Thailand	-	-
Q.H. Management Co., Ltd. (19% held through The Confidence Co., Ltd.)	Managing of public utilities of real estate business and land owner	Thailand	81	81
Q.H. International (BVI) Co., Ltd.**	Holding company	British Virgin Island	-	-

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2023	2022
			%	%
Casa Ville (Rayong 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Petchburi 2553) Co., Ltd.*	Real estate development	Thailand	-	-
Q. House Precast Co., Ltd.*	Manufacture and distribution of precast concrete	Thailand	-	-
Gusto Village Co., Ltd.*	Real estate development	Thailand	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	Real estate development and hotel operations	Thailand	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	Real estate development	Thailand	-	-

* 100% held through Casa Ville Co., Ltd.

** 100% held through Q.H. International Co., Ltd.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated being 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 Group has been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investments in subsidiaries and associates under the equity method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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 standard.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

(a) Revenue from sales of real estate

Revenue from sales of land and houses and residential condominium units are recognised at the point in time when control of the real estate is transferred to the customer, generally upon transfer of the legal ownership. Revenue from sales of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of "Advance received from customers" in the statement of financial position.

(b) Revenue from hotel operations

Revenue from hotel operations, mainly comprises room revenues, food and beverage sales and revenue from auxiliary activities. Room sales are recognised over time as the services are provided when the rooms are occupied. Food and beverage sales and revenue from auxiliary activities are recognised at a point in time when food and beverages are sold and the services are rendered. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.

(c) Revenue from office rental

Rental of units in office buildings are recognised on an accrual basis over the period of contracts.

(d) Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

(e) Dividends

Dividends are recognised when the right to receive the dividends is established.

(f) Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and are recognised on an accrual basis.

4.2 Cost of real estate sold

In determining the cost of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold on the basis of the salable area and to residential condominium units sold on the basis of the salable area weighted to the selling price of the unit, and then recognised as costs in profit or loss concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction and related interest. 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.

The Group provided promotional items such as furniture and decoration items to customers without any charge when the customers register a transfer of a house or a condominium unit. The management of the Group has determined that these items are the Company's major commitment and considered part of a house or a condominium unit to be transferred to the customers in accordance with the contract. Therefore, the costs of these items must be recorded under cost of real estate sold.

Selling expenses associated with the project sales, such as specific business tax and ownership transfer fees, are recognised as expenses when the sale occurs.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Land and construction in progress/Land and project development cost

Land and construction in progress/Land and project development cost are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows:

- Land - Cost of land using the weighted average method, calculating it separately for each project.
- Construction in progress - Construction in progress and project development costs consist of the cost of construction, public utility costs and interest capitalised to cost of projects by records cost of construction and public utilities based on the actual cost incurred.

4.5 Cost to obtain contracts with customers

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of the consideration that the entity expects to receive less direct costs.

4.6 Investments in subsidiaries and associates

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associates are accounted for in the separate financial statements using the equity method.

4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 15 - 60 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.8 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvement	10 years
Leasehold improvement	5 - 20 years
Buildings and building improvement	5 - 60 years
Equipment and operating equipment	5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.9 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.9.1 The Group as a lessee

The Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

a) *Right-of-use assets*

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	30 years
Buildings and building improvement	3 - 30 years
Motor vehicles	10 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets which are classified as investment properties are presented as part of investment properties in the statement of financial position.

b) Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

4.9.2 The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.10 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.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

4.11 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in determining income.

4.12 Related party transactions

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

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

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.14 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the investment properties, property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labour law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.16 Provisions

Provisions are recognised 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.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.19 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 applies 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 measures 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 determines 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.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Provision for diminution in value of land and construction in progress and land and project development costs

The Group records provision for diminution in value of land and construction in progress and land and project development costs when there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of land and construction in progress and land and project development costs based on their net realisable value. The determination of such devaluation requires management to make subjective judgements and estimates.

Litigation

The Group has contingent liabilities as a result of litigation. The management has exercised judgement to assess of the results of the litigation and recorded certain provision as at the end of reporting period. However, actual results could differ from the estimates.

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2023	2022	2023	2022	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	177	184	2.51% to 3.01% per annum (2022: 2.41% to 2.81% per annum)
Material cost	-	-	167	127	Market price
Interest expense	-	-	2	1	2.80% to 3.00%
<u>Transactions with associates</u>					
Goods and service cost	21	14	12	8	Market price
Rental expenses	284	170	33	33	Contract value
Building management income	57	56	14	27	Contract value
Office rental income	72	66	72	66	Contract value
Other service income	5	-	5	-	Contract value
Interest income	2	4	1	2	0.15% to 1.90% per annum (2022: 0.15% to 0.60% per annum)
Dividend income	1,265	1,150	1,265	1,150	As declared
Bank fees	1	1	1	1	Market price
<u>Transactions with related companies</u>					
Material cost	85	42	45	25	Market price
Building management income	25	19	3	3	Contract value
Office rental income	22	19	22	19	Contract value
Other service income	4	5	-	-	Contract value

As at 31 December 2023 and 2022, the balances of the accounts between the Group and those related parties are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2023	2022	2023	2022
Deposits at financial institution (shown under cash and cash equivalents)				
Associate				
Land and Houses Bank Plc.	707,792	1,181,379	225,671	396,901
Trade and other receivables - related parties (Note 8)				
<u>Trade accounts receivable - related parties</u>				
Associates	677	548	677	548
Related companies (Common directors or common shareholders)	437	387	433	387
Total trade accounts receivable - related parties	1,114	935	1,110	935
<u>Other receivables - related parties</u>				
Subsidiaries	-	-	92	244
Associates	26,706	10,319	6,488	2,015
Related companies (Common directors or common shareholders)	3,882	3,705	70	60
Total other receivables - related parties	30,588	14,024	6,650	2,319
Total	31,702	14,959	7,760	3,254
Deposits for rental and service - related parties (shown under other non-current assets)				
Associate	7,551	7,550	7,551	7,550
Trade and other payables - related parties (Note 18)				
<u>Trade accounts payable - related parties</u>				
Subsidiary	-	-	50,067	45,402
Related company (Common directors or common shareholders)	14,234	9,967	8,517	5,769
Total trade accounts payables - related parties	14,234	9,967	58,584	51,171
<u>Other payables - related parties</u>				
Subsidiary	-	-	222	83
Associates	3,530	2,059	2,128	985
Related company (Common directors or common shareholders)	28	-	-	-
Total other payables - related parties	3,558	2,059	2,350	1,068
Total	17,792	12,026	60,934	52,239
Deposits for rental and service - related parties				
Associates	9,131	9,131	9,131	9,131
Related companies (Common directors or common shareholders)	4,115	3,714	4,115	3,714
Total	13,246	12,845	13,246	12,845

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Accrued expenses - related party (shown under other current liabilities)				
Associate	132,791	235,651	-	-
Total	132,791	235,651	-	-
Rental income received in advance - related party				
Associate (Note 6.3)				
Current portion	27,224	27,224	27,224	27,224
Non-current portion	324,232	351,381	324,232	351,381
Total	351,456	378,605	351,456	378,605
Lease liabilities - related parties				
<u>Associates</u>				
Lease payments	760,733	961,280	183,133	231,680
Less: Deferred interested	(57,896)	(89,255)	(19,295)	(28,653)
Total	702,837	872,025	163,838	203,027
Less: Current portion	(159,642)	(154,015)	(24,925)	(24,015)
Lease liabilities - net of current portion	543,195	718,010	138,913	179,012

(Unit: Thousand Baht)

	Consolidated		Separate		Interest policy (% p.a.)
	financial statements		financial statements		
	2023	2022	2023	2022	
Long-term loans to and interest receivables - related parties					
<u>Subsidiary</u>					
Casa Ville Co., Ltd.	-	-	6,733,440	6,668,432	2.51% to 2.81% (2022: 2.51% to 2.81%)
<u>Related party</u>					
Harbour View Corporation	78,615	79,382	-	-	LIBOR+3.00%, 4.00% and 8.00% (2022: LIBOR+3.00%, 4.00% and 8.00%)
Total	78,615	79,382	6,733,440	6,668,432	
Less: Allowance for expected credit losses	(78,615)	(79,382)	-	-	
Net	-	-	6,733,440	6,668,432	

Loans to related parties and loan from related party

As at 31 December 2023 and 2022, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	1 January 2023	Increase	Decrease	31 December 2023
Long-term loans to and interest receivables - related party				
Related party				
Harbour View Corporation	79,382	-	(767)	78,615
Less: Allowance for expected credit losses	(79,382)	-	767	(78,615)
Net	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2023	Increase	Decrease	31 December 2023
Long-term loans to and interest receivables - related party				
<u>Subsidiary</u>				
Casa Ville Co., Ltd.	6,668,432	962,118	(897,110)	6,733,440
Short-term loan from and interest receivables - related party				
<u>Subsidiary</u>				
Q.H. International Co., Ltd.	-	513,976	(513,976)	-

Directors and management's benefits

During the years ended 31 December 2023 and 2022, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2023	2022
Short-term employee benefits	60	57
Post-employment benefits	1	1
Total	61	58

- 6.2 The Group has the following long-term agreements with property funds in which it or its related companies hold investment units.

		(Unit: Million Baht)	
		Contract amount	
	Counterparty	2023	2022
a) Agreement to lease immovable properties - Q. House Ploenchit Project	Quality Houses Leasehold Property Fund	819	819
b) Agreement relating to the lease and sublease of building and assets - Centre Point Hotel Pratunam, Sukhumvit 10 and Chidlom	Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	456*	456*

* Contract amount is not included variable rental fee.

During the year 2022, a subsidiary was waived from rental fees totaling Baht 55 million for building and assets - Centre Point Hotel Pratunam, Sukhumvit 10 and Chidlom, for the rental period from 1 January 2022 to 31 May 2022 by Quality Houses Hotel and Residence Freehold and Leasehold Property Fund. The waiver is in accordance with the conditions specified in the lease and sublease agreement. The subsidiary recorded such rental waived in the statement of income.

- 6.3 On 21 November 2006, the Company entered into an agreement to lease immovable properties of Q.House Ploenchit project to Quality Houses Leasehold Property Fund, whereby the Company agreed to lease land, building and other related equipment to the Fund and in return received 30 years' rental for the land, building, public utilities and other related equipment of the project totaling Baht 819 million. The Company recorded this rental fees as "Rental income received in advance" in the statements of financial position, and it will be recognised as income on a straight line over the period of the lease contract.

7. Cash and cash equivalents

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statements	financial statements
		2023	2022
Cash		11,551	3,547
Bank deposits		1,336,148	1,526,751
Total		1,347,699	1,530,298

As at 31 December 2023, bank deposits in current accounts, saving accounts and fixed deposits carried interests between 0.15% and 1.90% per annum (2022: between 0.15% and 0.60% per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Trade accounts receivable - related parties</u> (Note 6)				
Aged of receivables				
Up to 3 months	1,114	935	1,110	935
Total trade accounts receivable - related parties	1,114	935	1,110	935
<u>Trade accounts receivable - unrelated parties</u>				
Aged of receivables				
Up to 3 months	60,337	21,548	13,294	4,699
3 - 6 months	12	486	-	5
6 - 12 months	3	217	-	-
Over 12 months	1,304	2,146	-	9
Total trade accounts receivable - unrelated parties	61,656	24,397	13,294	4,713
Less: Allowance for expected credit losses	(3,106)	(1,958)	(527)	(158)
Total trade accounts receivable - unrelated parties, net	58,550	22,439	12,767	4,555
Total trade accounts receivable - net	59,664	23,374	13,877	5,490
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	30,588	14,024	6,650	2,319
Other receivables - unrelated parties	4,064	4,889	1,017	1,403
Total other receivables	34,652	18,913	7,667	3,722
Total trade and other receivables - net	94,316	42,287	21,544	9,212

Set out below is the movement in the allowance for expected credit losses of trade receivables.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Beginning balance	1,958	1,873	158	155
Provision for expected credit losses	1,164	539	369	61
Amount written off	(16)	(454)	-	(58)
Ending balance	3,106	1,958	527	158

9. Land and construction in progress

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Construction material	34,382	26,426	-	-
Land	8,794,912	8,621,522	4,934,150	5,708,777
Interest cost	1,065,559	1,104,501	519,761	530,649
Construction under development	10,950,884	10,006,666	5,756,602	5,240,914
Total	20,845,737	19,759,115	11,210,513	11,480,340
Less: Provision for loss on diminution in value of projects	(533,611)	(492,077)	(49,513)	(63,572)
Land and construction in progress - net	20,312,126	19,267,038	11,161,000	11,416,768

During the current year, the Group included borrowing costs of Baht 132 million as cost of “Land and construction in progress” (the Company only: Baht 72 million) (2022: Baht 116 million, the Company only: Baht 80 million). These were determined by applying a capitalisation rate of 1.3% (the Company only: 0.7%) (2022: 1.0%, the Company only: 0.7%).

The Company mortgaged certain plots of land and construction in progress of subsidiaries with net book values as at 31 December 2022 amounting to Baht 1,284 million as collateral under the long-term loan agreement of the Company (2023: Nil).

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Beginning balance	492,077	514,029	63,572	44,100
Additional provision during the year	106,282	28,265	-	28,265
Provision reversal according to revenue recognition during the year	(64,748)	(50,217)	(14,059)	(8,793)
Ending balance	533,611	492,077	49,513	63,572

During the current year, the Group had appraised the fair value of the Group's land and construction in progress for low turnover projects, using the market approach and/or the hypothetical development method. The Group recorded the provision for loss on diminution in value of projects amounting to Baht 106 million (the Company only: Nil).

Additional information of the Group's projects.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Total estimated sales value of projects on hand of which contracts have been signed	100,184	110,674	49,775	58,234
Total value of contracts signed according to the letters reserving plots of land and structures thereon	63,024	73,182	28,324	34,494
Percentage of total estimated sales value of projects	63%	66%	57%	59%
Total value of contracts signed according to the letters reserving plots of land and structures thereon not yet recognised as income	352	485	263	325

10. Assets recognised in respect of cost to obtain contracts with customers

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statement	
	2023	2022
Balance at beginning of year	10,089	10,522
Amortise	-	(433)
Balance at end of year	10,089	10,089

11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in separate financial statements are as follows.

(Unit: Thousand Baht)

Company's name	Separate financial statements						Carrying amounts based on equity method	
	Paid-up capital		Shareholding		Cost		2023	2022
	2023	2022	2023	2022	2023	2022		
			(%)	(%)				
Casa Ville Co., Ltd.	3,000,000	3,000,000	100	100	2,999,999	2,999,999	7,919,449	7,772,098
Q.H. International Co., Ltd.	25,000	25,000	100	100	25,000	25,000	347,732	279,279
Property Host Co., Ltd.	5,000	5,000	100	100	5,000	5,000	4,179	4,237
Centre Point Hospitality Co., Ltd.	5,000	5,000	100	100	4,999	4,999	(104,699)	(201,023)
The Confidence Co., Ltd.*	1,000,000	1,000,000	-	-	-	-	-	-
Q.H. Management Co., Ltd. (and 19% held through The Confidence Co., Ltd.)	110,000	110,000	81	81	88,635	88,635	28,031	28,410
Q.H. International (BVI) Co., Ltd.**	30,796	30,796	-	-	-	-	-	-
Casa Ville (Rayong 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Casa Ville (Petchburi 2553) Co. Ltd.*	5,000	5,000	-	-	-	-	-	-
Q.House Precast Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Gusto Village Co., Ltd.*	500,000	500,000	-	-	-	-	-	-
Casa Ville (Chonburi 2554) Co., Ltd.*	3,005,000	3,005,000	-	-	-	-	-	-
Casa Ville (Prachuapkhirikhan 2554) Co., Ltd.*	5,000	5,000	-	-	-	-	-	-
Total					3,123,633	3,123,633	8,194,722	7,883,001

* 100% held through Casa Ville Co., Ltd.
 ** 100% held through Q.H. International Co., Ltd.

11.2 Share of comprehensive income

During the year, the Company has summarised its share of profit (loss) from investments in subsidiaries in separate financial statement as follows.

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Share of profit (loss) from investments in subsidiaries		Share of other comprehensive income of subsidiaries	
	2023	2022	2023	2022
Casa Ville Co., Ltd.	138,446	50,605	8,905	-
Q.H. International Co., Ltd.	68,726	25,976	(273)	-
Property Host Co., Ltd.	(58)	(132)	-	-
Centre Point Hospitality Co., Ltd.	99,911	35,219	(3,557)	-
Q.H. Management Co., Ltd.	(379)	(305)	-	-
Total	306,646	111,363	5,075	-

12. Investments in associates

12.1 Details of associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated and separate financial statements					
			Shareholding		Cost		Carrying amounts based on equity method	
			2023	2022	2023	2022	2023	2022
			(%)	(%)				
Quality Houses Leasehold Property Fund ⁽¹⁾	Investment in immovable properties	Thailand	26	26	2,017,695	2,017,695	1,114,400	1,152,132
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund ⁽²⁾	Investment in immovable properties	Thailand	31	31	1,052,800	1,052,800	345,387	339,137
Home Product Center Plc.	Trading	Thailand	20	20	759,959	759,959	5,294,549	5,033,687
LH Financial Group Plc. (held 100% in Land and Houses Bank Plc.)	Holding company	Thailand	14*	14*	2,849,800	2,849,800	4,940,284	5,065,261
Total					6,680,254	6,680,254	11,694,620	11,590,217

⁽¹⁾ Carrying amounts are based on the equity method, and presented net of unrealised gain on sales of buildings and transfers of leasehold rights to land by Q. House Lumpini project to the Fund.

⁽²⁾ Carrying amounts are based on the equity method, and presented net of unrealised gains on sales of properties of Centre Point Hotel Pratunam and Centre Point Hotel Sukhumvit 10, and the transfer of leasehold rights to the building of Centre Point Hotel Chidlom to the Fund.

* The management determined that the Company has significant influence over LH Financial Group Plc. even though the Company holds less than 20% of its shares. This is because the Company has influence via key representative on the Board of Director of that company.

12.2 Share of comprehensive income and dividend received

During the years, the Company has summarised its share of profit (loss) from investments in associates as follows.

(Unit: Thousand Baht)

Company's name	Consolidated and separate financial statements			
	Share of profit from investments in associates		Share of other comprehensive income of associates	
	2023	2022	2023	2022
Quality Houses Leasehold Property Fund	120,151	120,237	-	-
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	65,207	13,581	-	-
Home Product Center Plc.	1,279,912	1,235,279	29	854
LH Financial Group Plc.	287,988	216,890	(383,863)	(370,218)
Total	1,753,258	1,585,987	(383,834)	(369,364)

During the years, the Company received dividends from associates as follows.

Company's name	(Unit: Thousand Baht)	
	Dividend received during the years	
	2023	2022
Quality Houses Leasehold Property Fund	157,883	149,294
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	58,957	5,264
Home Product Center Plc.	1,019,079	966,818
LH Financial Group Plc.	29,102	29,102
Total	1,265,021	1,150,478

12.3 Fair value of investments in listed associates

In respect of investments in associates that are listed companies on the Stock Exchange of Thailand, their fair values are as follows.

Company's name	(Unit: Million Baht)	
	Fair values as at 31 December	
	2023	2022
Quality Houses Leasehold Property Fund	1,155	1,922
Quality Houses Hotel and Residence Freehold and Leasehold Property Fund	647	626
Home Product Center Plc.	30,311	40,241
LH Financial Group Plc.	2,881	3,550
Total	34,994	46,339

12.4 Summarised significant financial information of associates

Summarised information about financial position

	(Unit: Million Baht)							
	Quality Houses Leasehold Property Fund		Quality Houses Hotel and Residence Freehold and Leasehold Property Fund		Home Product Center Plc.		LH Financial Group Plc.	
	2023	2022	2023	2022	2023	2022	2023	2022
Total assets	9,015	9,577	4,392	4,475	69,048	65,185	323,323	301,556
Total liabilities	920	933	139	41	43,489	40,939	287,362	264,686
Net assets	8,095	8,644	4,253	4,434	25,559	24,246	35,961	36,870
Shareholding percentage (%)	26	26	31	31	20	20	14	14
Share of net assets	2,077	2,218	1,333	1,389	5,079	4,818	4,940	5,065
Unrealised (gain) loss on revaluation of investments	186	35	(251)	(253)	-	-	-	-
Unrecognised gain on sales of assets	(523)	(523)	(601)	(601)	-	-	-	-
Record depreciation and amortisation of assets	(625)	(578)	(136)	(196)	-	-	-	-
Goodwill	-	-	-	-	216	216	-	-
Carrying amounts of associates based on equity method	1,115	1,152	345	339	5,295	5,034	4,940	5,065

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December							
	Quality Houses Hotel and Residence							
	Quality Houses Leasehold Property Fund		Freehold and Leasehold Property Fund		Home Product Center Plc.		LH Financial Group Plc.	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	1,021	1,007	268	149	72,822	69,389	13,673	10,857
Profit (loss)	66	267	7	(169)	6,442	6,217	2,096	1,579
Other comprehensive income	-	-	-	-	-	4	(2,794)	(2,695)
Total comprehensive income	-	-	-	-	6,442	6,221	(698)	(1,116)

Home Product Center Public Company Limited

On 27 February 2024, the meeting of the Board of Directors of Home Product Center Plc. passed the resolution to propose to Annual General Meeting of the shareholders for approval of dividend payment from operating results from July 2023 to December 2023. The dividend will be paid by cash at the rate of Baht 0.22 per share or in the total amount not exceeding Baht 2,893.27 million. The payment of cash dividend shall be made within 8 May 2024. However, the meeting of the Board of Directors of Home Product Center Plc. held on 29 August 2023 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.18 per share. The interim dividend was paid on 27 September 2023. As a result, total dividend per share for the year 2023 is Baht 0.40 per share.

LH Financial Group Public Company Limited

On 23 February 2024, the meeting of the Board of Directors of LH Financial Group Public Company Limited passed the resolution to propose to Annual General Meeting of the shareholders for approval of dividend payment from its operating results for the year 2023. The dividend will be paid by cash at the rate of Baht 0.03 per share, totally Baht 636 million. The payment of cash dividend shall be made on 17 May 2024.

13. Investment properties

The net book value of investment properties as at 31 December 2023 and 2022 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2023	2022
Office building for rent		
Cost	1,442,203	1,421,203
Less: Accumulated depreciation	(944,336)	(910,025)
Less: Allowance for diminution in value	(33,435)	(39,514)
Net book value - net	<u>464,432</u>	<u>471,664</u>

A reconciliation of the net book value of investment properties for the years 2023 and 2022 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2023	2022
Net book value at beginning of year	471,664	527,483
Additions	21,000	-
Depreciation charged	(28,232)	(55,819)
Net book value at end of year	<u>464,432</u>	<u>471,664</u>

As at 31 December 2023, the net book value of outstanding rental income received in advance from lessee is Baht 351 million (2022: Baht 379 million), and the fair value of the investment properties has been determined based on valuations performed by an accredited independent valuer was Baht 790 million (2022: Baht 852 million). The fair value has been determined using the income approach. Key assumptions used in the valuation are yield rate, inflation rate, long-term vacancy rate and long-term growth in rental rates which has been determined based on rental information of tenants of building.

On 23 May 1990, the company entered into agreements to lease land and develop building at Q House Asoke for a period of 30 years. At the termination date of the agreements, the Company agreed to transfer all rights in property development to the lessor without any compensation or burden. The lease agreement expired and the Company registered the transfer of ownership of the building to the lessor on 1 December 2022.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and improvement	Leasehold improvement	Buildings and building improvement	Equipment and operating equipment	Motor Vehicles	Assets under installation	Total
Cost							
1 January 2022	518,149	505,889	970,735	848,129	61,275	2,737	2,906,914
Additions	-	108	665	11,596	290	103,908	116,567
Transfer in (out)	-	-	83,806	22,839	-	(106,645)	-
Disposals/write-off	-	(742)	-	(13,051)	-	-	(13,793)
31 December 2022	518,149	505,255	1,055,206	869,513	61,565	-	3,009,688
Additions	-	255	644	22,144	402	461	23,906
Disposals/write-off	-	-	-	(12,463)	(25,095)	-	(37,558)
31 December 2023	518,149	505,510	1,055,850	879,194	36,872	461	2,996,036
Accumulated depreciation							
1 January 2022	6,236	465,121	156,913	596,446	54,340	-	1,279,056
Depreciation for the year	-	26,219	37,780	61,491	2,651	-	128,141
Depreciation on disposals/ write-off	-	(705)	-	(11,457)	-	-	(12,162)
31 December 2022	6,236	490,635	194,693	646,480	56,991	-	1,395,035
Depreciation for the year	-	14,399	41,153	63,428	2,523	-	121,503
Depreciation on disposals/ write-off	-	-	-	(12,402)	(25,094)	-	(37,496)
31 December 2023	6,236	505,034	235,846	697,506	34,420	-	1,479,042
Allowance for impairment loss							
1 January 2022	81,873	-	-	-	-	-	81,873
31 December 2022	81,873	-	-	-	-	-	81,873
31 December 2023	81,873	-	-	-	-	-	81,873
Net book value							
31 December 2022	430,040	14,620	860,513	223,033	4,574	-	1,532,780
31 December 2023	430,040	476	820,004	181,688	2,452	461	1,435,121
Depreciation for the year							
2022 (Baht 107 million included in cost of operations, and the balance in administrative expenses)							128,141
2023 (Baht 103 million included in cost of operations, and the balance in administrative expenses)							121,503

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land and improvement	Leasehold improvement	Buildings and building improvement	Equipment and operating equipment	Motor Vehicles	Assets under installation	
Cost							
1 January 2022	255,664	493,328	27,645	290,364	27,217	-	1,094,218
Additions	-	-	-	3,352	-	-	3,352
Disposals/write-off	-	(742)	-	(8,793)	-	-	(9,535)
31 December 2022	255,664	492,586	27,645	284,923	27,217	-	1,088,035
Additions	-	-	-	5,061	-	131	5,192
Disposals/write-off	-	-	-	(6,825)	(7,818)	-	(14,643)
31 December 2023	255,664	492,586	27,645	283,159	19,399	131	1,078,584
Accumulated depreciation							
1 January 2022	4,557	452,961	22,083	276,406	22,601	-	778,608
Depreciation for the year	-	26,063	876	6,079	1,655	-	34,673
Depreciation on disposals/ write-off	-	(705)	-	(8,759)	-	-	(9,464)
31 December 2022	4,557	478,319	22,959	273,726	24,256	-	803,817
Depreciation for the year	-	14,266	876	4,964	1,558	-	21,664
Depreciation on disposals/ write-off	-	-	-	(6,805)	(7,818)	-	(14,623)
31 December 2023	4,557	492,585	23,835	271,885	17,996	-	810,858
Allowance for impairment loss							
1 January 2022	81,873	-	-	-	-	-	81,873
31 December 2022	81,873	-	-	-	-	-	81,873
31 December 2023	81,873	-	-	-	-	-	81,873
Net book value							
31 December 2022	169,234	14,267	4,686	11,197	2,961	-	202,345
31 December 2023	169,234	1	3,810	11,274	1,403	131	185,853
Depreciation for the year							
2022 (Baht 28 million included in cost of operations, and the balance in administrative expenses)							34,673
2023 (Baht 15 million included in cost of operations, and the balance in administrative expenses)							21,664

As at 31 December 2023, certain plant and equipment items of the Group were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 567 million (the Company only: Baht 287 million) (2022: Baht 474 million, the Company only: Baht 294 million).

15. Lease

The Group as a lessee

The Group entered into lease contracts for various items of land, buildings, motor vehicles and equipments used in its operations. Land and buildings leases have lease terms of approximately 30 years, while motor vehicles and equipments leases have lease terms of generally between 1 and 5 years.

15.1 Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2023 and 2022 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	Land and land improvement	Buildings and building improvement	Motor vehicles	Total	Land and land improvement	Buildings and building improvement	Motor vehicles	Total
1 January 2022	759,163	212,866	-	972,029	28,548	212,866	-	241,414
Additions	-	-	23,112	23,112	-	-	14,528	14,528
Depreciation for the year	(150,134)	(27,467)	(838)	(178,439)	(18,442)	(27,467)	(505)	(46,414)
31 December 2022	609,029	185,399	22,274	816,702	10,106	185,399	14,023	209,528
Additions	-	-	3,412	3,412	-	-	3,412	3,412
Adjustment of right of use assets due to amending contract	-	(15,659)	-	(15,659)	-	(15,659)	-	(15,659)
Depreciation for the year	(141,797)	(26,809)	(2,326)	(170,932)	(10,106)	(26,809)	(1,598)	(38,513)
31 December 2023	467,232	142,931	23,360	633,523	-	142,931	15,837	158,768

15.2 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Lease payments	806,614	993,555	221,238	254,528
Less: Deferred interest expense	(60,864)	(92,492)	(21,487)	(30,755)
Total	745,750	901,063	199,751	223,773
Less: Current portion	(174,003)	(164,057)	(37,933)	(32,765)
Lease liabilities - net of current portion	571,747	737,006	161,818	191,008

Movements of the lease liability account during the years ended 31 December 2023 and 2022 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Balance at beginning of year	901,063	998,636	223,773	242,240
Additions	24,412	23,112	24,412	14,528
Decrease	(15,659)	-	(15,659)	-
Accretion of interest	30,570	35,711	8,211	9,010
Repayments	(194,636)	(101,496)	(40,986)	(42,005)
Rental fee waived	-	(54,900)	-	-
Balance at end of year	745,750	901,063	199,751	223,773

15.3 Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Depreciation expense of right-of-use assets	170,932	178,439	38,513	46,414
Interest expense on lease liabilities	30,570	35,711	8,211	9,010
Expense relating to short-term leases	43,368	16,702	35,750	6,894
Expense relating to leases of low-value assets	233	245	28	41
Expense relating to variable lease payments that do not depend on an index or a rate	99,187	40,139	-	-

A subsidiary has lease contracts for building that contains variable payments based on operation. The lease term is 3 years.

15.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2023 of Baht 295 million (the Company only: Baht 70 million) (2022: Baht 127 million, the Company only: Baht 48 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

16. Land and project development costs

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Land	5,887,934	6,745,272	1,787,658	1,860,878
Interest cost	202,569	221,598	187,918	189,890
Construction under development	517,594	665,020	334,393	225,143
Total	6,608,097	7,631,890	2,309,969	2,275,911
Less: Provision for loss on diminution in value of projects	(221,946)	(221,946)	(145,381)	(145,381)
Land and project development costs - net	<u>6,386,151</u>	<u>7,409,944</u>	<u>2,164,588</u>	<u>2,130,530</u>

During the current year, the Group included borrowing costs of Baht 10 million as cost of “Land and project development costs” (the Company only: Baht 9 million) (2022: Baht 23 million, the Company only: Baht 7 million). These were determined by applying a capitalisation rate of 1.3% (the Company only: 0.7%) (2022: 1.0%, the Company only: 0.7%).

The Company mortgaged certain plots of land and project development costs of subsidiaries with net book values as at 31 December 2022 amounting to Baht 1,493 million as collateral under the long-term loan agreement of the Company (2023: Nil).

Movements in the provision for loss on diminution in value of projects during the years ended 31 December 2023 and 2022 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Beginning balance	221,946	167,616	145,381	145,381
Additional provision during the year	-	54,330	-	-
Ending balance	221,946	221,946	145,381	145,381

17. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated and separate financial statements	
	2023	2022	2023	2022
	(% p.a.)	(% p.a.)		
Promissory note	-	2.20	-	1,000,000
Bill of exchange	2.80	-	500,000	-
Less: Deferred interest			(2,781)	-
Bill of exchange - net			497,219	-
Total short-term loans from financial institutions			497,219	1,000,000

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Trade accounts payable - related parties (Note 6)	14,234	9,967	58,584	51,171
Trade accounts payable - unrelated parties	552,392	498,955	318,965	294,698
Other payables - related parties (Note 6)	3,558	2,059	2,350	1,068
Other payables - unrelated parties	76,371	121,571	21,829	47,170
Accrued interest	44,152	40,349	44,152	40,349
Total trade and other payables	690,707	672,901	445,880	434,456

19. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated and separate	
			financial statements	
Loan	Interest rate (% p.a.)	Repayment schedule	2023	2022
1	MLR - 2.25	Repayment quarterly installments as from March 2021 to November 2023 ^(a)	-	1,544,141
2	3.20	Repayment semi-annual installments as from July 2023 to January 2026	1,125,000	1,500,000
Total			1,125,000	3,044,141
Less: Unamortised portion of deferred transaction costs			(1,775)	(2,630)
Less: Current portion			(561,612)	(1,919,141)
Long-term loans - net of current portion			561,613	(1,122,370)

MLR : Minimum Lending Rate

a) : Also subject to mandatory prepayment in inverse order of maturity upon the ownership transfer of property sales units.

Movement of the long-term loans account during the year ended 31 December 2023 are summarised below:

		(Unit: Thousand Baht)
		Consolidated and separate
		financial statements
Beginning balance		3,044,141
Less: Repayment		(1,919,141)
Less: Unamortised portion of deferred transaction costs		(1,775)
Ending balance		1,123,225

The long-term loans is secured by the mortgage of part of the land and construction in progress and land and project development costs of subsidiaries, as discussed in Notes 9 and 16.

The loans agreement contains several covenants which, among other things, requires the Company to maintain debt-to-equity ratio at a rate not exceeding 2:1.

20. Unsecured debentures

				Consolidated and separate financial statements			
Type of debenture	Interest rate	Age	Maturity date	Number of debenture (Unit)		Amount (Thousand Baht)	
				2023	2022	2023	2022
Unsubordinated and unsecured debentures							
- No. 1/2021	Fixed rate of 2.50% p.a.	3 years	3 March 2024	3,000,000	3,000,000	3,000,000	3,000,000
- No. 2/2021	Fixed rate of 1.76% p.a.	3 years	8 June 2024	1,500,000	1,500,000	1,500,000	1,500,000
- No. 1/2022	Fixed rate of 2.78% p.a.	3 years	5 May 2025	1,000,000	1,000,000	1,000,000	1,000,000
- No. 2/2022 (1)	Fixed rate of 3.06% p.a.	2 years	22 November 2024	730,000	730,000	730,000	730,000
- No. 2/2022 (2)	Fixed rate of 3.38% p.a.	3 years	21 November 2025	720,000	720,000	720,000	720,000
- No. 3/2022	Fixed rate of 3.33% p.a.	3 years	11 December 2025	550,000	550,000	550,000	550,000
- No. 1/2023	Fixed rate of 3.32% p.a.	2 years 9 months	18 December 2025	1,000,000	-	1,000,000	-
- No. 2/2023	Fixed rate of 3.43% p.a.	3 years	25 April 2026	1,000,000	-	1,000,000	-
Total debentures - at face value				9,500,000	7,500,000	9,500,000	7,500,000
Less: Unamortised portion of deferred transaction costs						(4,182)	(5,730)
Less: Discount on debentures						(130,979)	(112,974)
Debentures - net						9,364,839	7,381,296
Less: Current portion of debentures						(5,229,110)	-
Debentures - net of current portion						4,135,729	7,381,296

Movements in debentures accounts during the years ended 31 December 2023 and 2022 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2023	2022
Beginning balance	7,500,000	12,000,000
Add: Issuance of debentures during the year	2,000,000	3,000,000
Less: Redemption of debentures during the year	-	(7,500,000)
Ending balance	9,500,000	7,500,000

All of unsecured debentures include covenants and restrictions. These pertain to, among other things, dividend payment and the maintenance of certain financial ratios.

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, is as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Provision for long-term employee benefits at beginning of year	280,659	265,469	181,490	173,780
Included in profit or loss:				
Current service cost	20,226	20,325	12,827	13,077
Interest cost	4,039	3,782	2,600	2,444
Included in other comprehensive income:				
Actuarial (profit) losses arising from				
Financial assumption changes	(37,509)	-	(22,243)	-
Experience adjustments	2,518	-	(6,405)	-
Benefits paid during the year	(10,080)	(8,917)	(7,180)	(7,811)
Provision for long-term employee benefits at end of year	<u>259,853</u>	<u>280,659</u>	<u>161,089</u>	<u>181,490</u>

As at 31 December 2023, the Group expected to pay Baht 5 million of long-term employee benefits during the next year (the Company only: Baht 5 million) (2022: Baht 10 million, the Company only: Baht 7 million).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit was 10 years (the Company only: 10 years) (2022: 12 years, the Company only: 12 years).

Significant actuarial assumptions are summarised below.

	Consolidated and separate	
	financial statements	
	2023	2022
	(% p.a.)	(% p.a.)
Discount rate	2.8	1.5
Salary increase rate	5.0	5.0
Turnover rate	0 - 25.0	0 - 25.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2023 and 2022 are summarised below.

(Unit: Thousand Baht)

		As at 31 December 2023					
		Discount rate		Salary increase rate		Turnover rate	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
		0.5%	0.5%	0.5%	0.5%	10%	10%
Consolidated financial statements		(12,550)	13,503	13,145	(12,353)	(6,634)	7,093
Separate financial statements		(7,431)	7,987	7,775	(7,315)	(3,834)	4,086

(Unit: Thousand Baht)

		As at 31 December 2022					
		Discount rate		Salary increase rate		Turnover rate	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
		0.5%	0.5%	0.5%	0.5%	10%	10%
Consolidated financial statements		(14,231)	15,368	17,491	(16,283)	(10,556)	8,924
Separate financial statements		(8,782)	9,468	10,848	(10,117)	(6,323)	5,270

22. Provisions

(Unit: Thousand Baht)

		Consolidated financial statements				
		Compensation				
		Provision for public utility maintenance	Provision for housing repairment	for Housing Estate Juristic Persons	Litigations	Total
As at 1 January 2022		250,106	248,427	131,778	326,728	957,039
Increase during the year		33,692	65,785	18,260	107,521	225,258
Utilised		(26,723)	(35,709)	(20,611)	(2,597)	(85,640)
Reversed during the year		-	-	(1,743)	(34,230)	(35,973)
As at 31 December 2022		257,075	278,503	127,684	397,422	1,060,684
Increase during the year		30,148	61,273	14,652	36,260	142,333
Utilised		(37,742)	(27,357)	(15,728)	(59,360)	(140,187)
As at 31 December 2023		249,481	312,419	126,608	374,322	1,062,830

(Unit: Thousand Baht)

Consolidated financial statements

	Provision for public utility maintenance	Provision for housing repairment	Compensation for Housing Estate Juristic Persons	Litigations	Total
2023					
Current	249,481	312,419	126,608	-	688,508
Non-current	-	-	-	374,322	374,322
	<u>249,481</u>	<u>312,419</u>	<u>126,608</u>	<u>374,322</u>	<u>1,062,830</u>
2022					
Current	257,075	278,503	127,684	-	663,262
Non-current	-	-	-	397,422	397,422
	<u>257,075</u>	<u>278,503</u>	<u>127,684</u>	<u>397,422</u>	<u>1,060,684</u>

(Unit: Thousand Baht)

Separate financial statements

	Provision for public utility maintenance	Provision for housing repairment	Compensation for Housing Estate Juristic Persons	Litigations	Total
As at 1 January 2022	121,978	132,399	65,183	27,509	347,069
Increase during the year	21,495	42,155	12,826	29,784	106,260
Utilised	(15,485)	(22,398)	(7,786)	(2,415)	(48,084)
Reversed during the year	-	-	(119)	(20)	(139)
As at 31 December 2022	127,988	152,156	70,104	54,858	405,106
Increase during the year	17,279	36,928	9,652	28,383	92,242
Utilised	(25,501)	(17,368)	(3,171)	(19,257)	(65,297)
As at 31 December 2023	<u>119,766</u>	<u>171,716</u>	<u>76,585</u>	<u>63,984</u>	<u>432,051</u>
2023					
Current	119,766	171,716	76,585	-	368,067
Non-current	-	-	-	63,984	63,984
	<u>119,766</u>	<u>171,716</u>	<u>76,585</u>	<u>63,984</u>	<u>432,051</u>
2022					
Current	127,988	152,156	70,104	-	350,248
Non-current	-	-	-	54,858	54,858
	<u>127,988</u>	<u>152,156</u>	<u>70,104</u>	<u>54,858</u>	<u>405,106</u>

Provision for public utilities maintenance/housing repairment

In estimating the Group's provision for public utilities maintenance/housing repairment, the management considers historical data and/or currently available information about the costs of various types of repairment work.

Compensation for Housing Estate Juristic Persons

The Group estimates the compensation for Housing Estate Juristic Persons using the rate specified by the law and regulations and the budgeted of public utilities as a basis for the calculation.

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

24. Revenue from contracts with customers

24.1 Disaggregated revenue information

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Type of goods or service:				
Revenue from sales of real estate	7,619,275	8,226,938	4,320,736	5,350,610
Revenue from hotel operations	1,214,863	716,954	248,230	154,137
Other service income	28,424	48,210	28,424	48,210
Other income	234,554	190,791	93,470	91,256
Total revenue from contracts with customers	<u>9,097,116</u>	<u>9,182,893</u>	<u>4,690,860</u>	<u>5,644,213</u>
Timing of revenue recognition:				
Recognise revenue at a point in time	7,654,625	8,251,968	4,323,845	5,355,387
Recognise revenue over time	<u>1,442,491</u>	<u>930,925</u>	<u>367,015</u>	<u>288,826</u>
Total revenue from contracts with customers	<u>9,097,116</u>	<u>9,182,893</u>	<u>4,690,860</u>	<u>5,644,213</u>

Set out below is a reconciliation of the revenue from contracts with customers with the amounts disclosed in Note 29 relating to the segment information:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Revenue from external customers	9,097,116	9,182,893	4,690,860	5,644,213
Inter-segment revenue	325,704	480,532	-	-
	9,422,820	9,663,425	4,690,860	5,644,213
Adjustments and eliminations	(325,704)	(480,532)	-	-
Total revenue from contracts with customers	9,097,116	9,182,893	4,690,860	5,644,213

24.2 Revenue recognised in relation to contract balances

During the current year, amounts of Baht 61 million (the Company only: Baht 51 million) (2022: Baht 22 million, the Company only: Baht 14 million) that were included in advances received from customers at the beginning of the year were recognised as revenue.

24.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2023, revenue totaling Baht 352 million (the Company only: Baht 263 million) (2022: Baht 485 million, the Company only: Baht 325 million) is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (or partially unsatisfied). The Group expects to satisfy these performance obligations within 1 year.

25. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Interest expenses on borrowings	187,998	206,408	250,415	259,455
Interest expenses on lease liabilities	30,570	35,711	8,211	9,010
Other fees	18,941	17,140	15,944	14,253
Total	237,509	259,259	274,570	282,718

26. Expenses by nature

Significant expenses classified by nature are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Purchase of land and payment of construction during the year	5,039,084	4,535,440	2,521,267	2,534,721
Changes in land and construction in progress	(1,045,088)	720,200	255,768	439,850
Changes in land and project development costs	1,023,793	64,113	(34,058)	403,320
Salaries and wages and other employee benefits	659,104	663,717	399,361	429,401
Depreciation	320,666	362,398	88,408	136,907

27. Income tax

Income tax expenses for the years ended 31 December 2023 and 2022 are made up as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Current income tax:				
Current income tax charge	267,645	342,988	181,326	245,637
Deferred tax:				
Adjustment in respect of deferred tax of previous year	-	(83)	-	-
Relating to origination and reversal of temporary differences	(47,578)	(54,625)	(5,908)	(17,649)
Income tax expense reported in the statement of comprehensive income	220,067	288,280	175,418	227,988

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2023 and 2022 are as follows.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Deferred tax on actuarial gains	6,998	-	5,729	-
Deferred tax on share of other comprehensive income of subsidiaries	-	-	1,269	-
Deferred tax on share of other comprehensive income of associates	(35,494)	(33,375)	(35,494)	(33,375)
	<u>(28,496)</u>	<u>(33,375)</u>	<u>(28,496)</u>	<u>(33,375)</u>

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Accounting profit before tax	<u>2,722,691</u>	<u>2,683,810</u>	<u>2,678,042</u>	<u>2,623,519</u>
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	544,538	536,762	535,608	524,704
Effects of:				
Change in value of investments accounted for the equity method	(92,564)	(83,356)	(159,052)	(109,435)
Exempt income and non-deductible expenses	(231,835)	(164,964)	(201,127)	(187,251)
Additional expenses deduction allowed	(72)	(157)	(11)	(30)
Others	-	(5)	-	-
Total	<u>(324,471)</u>	<u>(248,482)</u>	<u>(360,190)</u>	<u>(296,716)</u>
Income tax expense reported in the statement of comprehensive income	<u>220,067</u>	<u>288,280</u>	<u>175,418</u>	<u>227,988</u>

The components of deferred tax assets (liabilities) are as follows.

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Deferred tax assets (liabilities)				
Provision for loss on diminution in value of projects	171,742	167,148	67,953	70,764
Allowance for diminution in value of investment properties	6,687	7,903	6,687	7,903
Allowance for impairment of property, plant and equipment	16,374	16,374	16,374	16,374
Provision for long-term employee benefits	51,699	54,805	32,218	36,298
Provision for public utility maintenance	49,896	51,083	23,953	25,598
Provision for housing repairment	62,484	55,233	34,343	30,431
Provision for contingent liabilities arising from litigations	74,864	79,484	12,797	10,972
Borrowing cost of projects	177,766	174,959	16,517	15,010
Recognition of installment income	7,156	8,739	-	-
Cost to obtain contracts with customers	(2,018)	(2,018)	(2,018)	(2,018)
Accumulated depreciation of investment properties	(3,208)	(5,078)	(3,208)	(5,078)
Income from rental of land	(153)	(160)	-	-
Unutilised tax losses	193,673	165,244	-	-
Leases	10,656	3,629	4,007	3,620
Others	12,564	12,258	7,044	6,614
Deferred tax assets - net	830,182	789,603	216,667	216,488
Reflected in the statements of financial position as follows:				
Deferred tax assets	830,335	789,763	216,667	216,488
Deferred tax liabilities	(153)	(160)	-	-
Deferred tax assets - net	830,182	789,603	216,667	216,488

As at 31 December 2023, the Group had deductible temporary differences totaling Baht 56 million (the Company only: Nil) (2022: Baht 467 million, the Company only: Nil). No deferred tax assets had been recognised on these amounts as the Group considered that the temporary differences will not be utilised in the future.

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Profit for the year (Thousand Baht)	2,502,624	2,395,531	2,502,624	2,395,531
Weighted average number of ordinary shares (Thousand shares)	10,714,382	10,714,382	10,714,382	10,714,382
Basic earnings per share (Baht per share)	0.23	0.22	0.23	0.22

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group are organised into business units based on its products and services and have four reportable segments as follows.

- Real estate business segment which consists of sales of land and houses and condominium units.
- Hotel business segment relates to service of residential buildings.
- Rental business segment relates to rental of office buildings.
- Others segment which consists of providing management services for buildings and investing business.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Group's income taxes are managed on a Group basis and are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2023 and 2022.

(Unit: Million Baht)

For the year ended 31 December 2023

	Real estate business					Total reportable segments	Other transactions and eliminations	Consolidated
	Sales of land and houses	Sales of condominium units	Hotel business	Rental business	Other business			
Revenue from external customers	6,720	899	1,215	134	115	9,083	-	9,083
Inter-segment revenue	290	-	2	-	34	326	(326)	-
Interest income	1	-	1	-	1	3	-	3
Finance cost	(104)	(83)	(25)	-	(6)	(218)	-	(218)
Depreciation and amortisation	(17)	-	(243)	(55)	(6)	(321)	-	(321)
Provision for loss on diminution in value of projects	(16)	(90)	-	-	-	(106)	-	(106)
Reversal of provision for loss on diminution in value of projects	31	34	-	-	-	65	-	65
Segment profit (loss)	1,216	(216)	115	69	87	1,271	-	1,271
Other income								2
Administrative expenses								(289)
Share of profit from investments in associates								1,753
Finance cost								(14)
Income tax expenses								(220)
Profit for the year								2,503
Segment total assets								
Investments in associates accounted for the equity method	-	-	345	1,115	10,235	11,695	-	11,695
Additions to non-current assets other than financial instruments and deferred tax assets	1,755	-	19	-	4	1,778	-	1,778

(Unit: Million Baht)

For the year ended 31 December 2022

	Real estate business					Total reportable segments	Other transactions and eliminations	Consolidated
	Sales of land and houses	Sales of condominium units	Hotel business	Rental business	Other business			
Revenue from external customers	7,457	770	717	282	79	9,305	-	9,305
Inter-segment revenue	460	-	-	-	21	481	(481)	-
Interest income	2	-	-	-	2	4	-	4
Finance cost	(103)	(109)	(29)	-	(1)	(242)	-	(242)
Depreciation and amortisation	(17)	-	(257)	(83)	(5)	(362)	-	(362)
Provision for loss on diminution in value of projects	(28)	(55)	-	-	-	(83)	-	(83)
Reversal of provision for loss on diminution in value of projects	28	22	-	-	-	50	-	50
Segment profit (loss)	1,276	(120)	(26)	155	47	1,332	-	1,332
Other income								3
Administrative expenses								(229)
Share of profit from investments in associates								1,586
Finance cost								(8)
Income tax expenses								(288)
Profit for the year								2,396
Segment total assets								
Investments in associates accounted for the equity method	-	-	339	1,152	10,099	11,590	-	11,590
Additions to non-current assets other than financial instruments and deferred tax assets	2,339	-	115	-	25	2,479	-	2,479

The following table presents segment assets of the Group's operating segments as at 31 December 2023 and 2022.

(Unit: Million Baht)

	Real estate business					Total reportable segments	Unallocated assets	Consolidated
	Sales of land and houses	Sales of condominium units	Hotel business	Rental business	Other business			
Segment assets								
As at 31 December 2023	24,496	9,719	1,662	510	-	36,387	7,055	43,442
As at 31 December 2022	22,775	10,609	1,953	513	-	35,850	7,776	43,626

Geographic information

The Group operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the years 2023 and 2022, the Group has no major customer with revenue of 10% or more of an entity's revenues.

30. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2558. The employees voluntarily contributed to the fund at the rate of 2% - 15% of basic salary, while the Group contributed to the rate of 3% - 6% of basic salary. The fund, which is managed by Land and House Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2023 amounting to approximately Baht 20 million (the Company only: Baht 12 million) (2022: Baht 20 million, the Company only: Baht 13 million) were recognised as expenses.

31. Dividend paid

Dividends declared in 2023 and 2022 consist of the following:

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
Year 2023				
Interim dividend for the operating results of six-month period ended 30 June 2023	Board of Directors' Meeting of the Company on 9 August 2023	535,648	0.05	7 September 2023
Dividend for the operating results of six-month period ended 31 December 2022	Annual General Meeting of the Shareholders on 21 April 2023	1,071,370	0.10	18 May 2023
Total dividend paid		1,607,018	0.15	

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
Year 2022				
Interim dividend for the operating results of six-month period ended 30 June 2022	Board of Directors' Meeting of the Company on 10 August 2022	428,569	0.04	8 September 2022
Dividend for the operating results of six-month period ended 31 December 2021	Annual General Meeting of the Shareholders on 22 April 2022	749,997	0.07	18 May 2022
Total dividend paid		<u>1,178,566</u>	<u>0.11</u>	

32. Commitments and contingent liabilities

The Group has the following outstanding commitments and contingent liabilities.

- 32.1 The Group has the following outstanding commitments in respect of agreements to purchase of land and construction of projects.

	(Unit: Million Baht)	
	As at 31 December	
	2023	2022
Construction contracts	919	754
Agreements to purchase land for development of future projects	784	138

- 32.2 As at 31 December 2023, the Group has entered into several lease agreements to lease motor vehicles and equipment, with a terms of generally 1 year (2022: 1 year).

The Group had future minimum lease payments required under those operating leases contracts as follows.

	(Unit: Million Baht)	
	As at 31 December	
	2023	2022
Payable:		
in up to 1 year	5	6

- 32.3 As at 31 December 2023, the Group had commitments in respect of various service commitments totaling Baht 28 million (2022: Baht 27 million)

- 32.4 As at 31 December 2023, the Group had servitude over land of approximately 55 rai (2022: 53 rai) of which the cost is included in the cost of projects.

33. Bank guarantees

There were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business as follows.

	(Unit: Million Baht)	
	As at 31 December	
	2023	2022
Letters of guarantee for arrangement and maintenance of public utilities	1,888	2,012
Letters of guarantee for electricity usage	7	12
Other letters of guarantee	47	47
Total	1,942	2,071

34. Litigations

34.1 Between 2016 and 2023, various customers sued the Company and its subsidiaries for compensatory damages from purchase of land and houses of their projects, as at 31 December 2023, totaling Baht 1,494 million (2022: Baht 1,492 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiaries have set aside provisions totaling Baht 346 million (2022: Baht 371 million), which the Company and its subsidiaries deemed appropriate.

34.2 In 2017, the Company was filed as a defendant by a construction contractor company, plaintiff, for breach of hire of work agreement, with the plaintiff demanding outstanding payment and compensatory damages as at 31 December 2023, totaling Baht 135 million (2022: Baht 135 million). In October 2019, the Court of First Instance dismissed the case and rendered a judgement ordering that plaintiff pay the compensatory damages arising from the counterclaim of Baht 77 million together with interest.

The Company demanded that the bank, as an issuer of the letter of guarantees, settle the payment on behalf of the plaintiff in accordance with the judgement of the Court and subsequently received the amount of Baht 41 million in May 2020 in accordance with the facilities stated in the letter of guarantee. The amount received was presented as “Deferred compensatory damage income” in the statement of financial position and will be recognised in profit or loss when the lawsuit is finalised.

In October 2022, the Court of Appeal overturned the prior judgement and ordered the Company to pay the outstanding payment and retention to the plaintiff. After offsetting the debt with the plaintiff's obligation to pay the compensatory damages, the Company was required to pay an additional amount of Baht 3 million together with interest and return the letter of guarantee to the plaintiff.

The Company is preparing for the next judicial process. However, the Company does not expect any material impact on the Company's financial statements.

34.3 Between 2018 and 2023, Housing Estate Juristic Persons sued the Company and its subsidiaries as a defendant/co-defendant for a breach of agreement under the Land Development Act B.E. 2543, demanding compensatory damages of the Company and its subsidiaries, as at 31 December 2023, totaling Baht 710 million (2022: Baht 544 million). The lawsuits are currently in the judicial process. For reasons of prudence, the Company and its subsidiaries have set aside provision of Baht 28 million (2022: Baht 26 million) for the loss arising from these litigations, which the Company and its subsidiaries deemed to be an appropriate amount.

34.4 As of 31 December 2023, the complainant filed a lawsuit against the Nonthaburi Provincial Land Allocation Committee (the respondent) in the Central Administrative Court, regarding their permission for land allocation of the Company. The Company was involved in a lawsuit as an interpleader.

The Company believes that it has fully complied with the permits issued by the Land Allocation Committee of Nonthaburi Province. Consequently, the Company has not recognised any potential damages arising from this lawsuit in the financial statements.

35. Fair value hierarchy

As at 31 December 2023 and 2022, the Group had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows.

(Unit: Million Baht)				
Consolidated and separate financial statements				
As at 31 December 2023				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investments in associates	34,994	-	-	34,994
Investment properties	-	-	790	790
Liability for which fair value are disclosed				
Unsecured debentures	-	9,358	-	9,358

(Unit: Million Baht)

	Consolidated and separate financial statements			
	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investments in associates	46,339	-	-	46,339
Investment properties	-	-	852	852
Liability for which fair value are disclosed				
Unsecured debentures	-	7,357	-	7,357

36. Financial instruments

36.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, accounts receivable, loans to, investments, deposits, accounts payable, retention guarantees, short-term loans, long-term loans, lease liabilities and debentures. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans to and deposit with banks. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade accounts receivable

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade accounts are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Group does not have high concentrations of credit risk since it has a large customer base in various industries.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by product type and customer type. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, short-term loans, debentures and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate 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: Million Baht)

	As at 31 December 2023					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
<u>Financial assets</u>						
Cash and cash equivalents	300	-	844	204	1,348	0.15 - 1.90
Trade and other receivables	-	-	-	94	94	-
Deposits of lease of land and building	-	-	-	11	11	-
<u>Financial liabilities</u>						
Short-term loans from financial institutions	497	-	-	-	497	2.80
Trade and other payables	-	-	-	691	691	-
Long-term loans	562	561	-	-	1,123	3.20
Deposits for rental and service	-	-	-	32	32	-
Retention guarantees	-	-	-	272	272	-
Unsecured debentures	5,229	4,136	-	-	9,365	1.76 - 3.43

(Unit: Million Baht)

	As at 31 December 2022					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				

(Unit: Million Baht)

As at 31 December 2022						
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	1,366	164	1,530	0.15 - 0.60
Trade and other receivables	-	-	-	42	42	-
Deposits of lease of land and building	-	-	-	7	7	-
<u>Financial liabilities</u>						
Short-term loans from financial institutions	1,000	-	-	-	1,000	2.20
Trade and other payables	-	-	-	673	673	-
Long-term loans	375	1,123	1,544	-	3,042	MLR - 2.25, 3.20
Deposits for rental and service	-	-	-	37	37	-
Retention guarantees	-	-	-	240	240	-
Unsecured debentures	-	7,381	-	-	7,381	1.76 - 3.38

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate loan from affected as at 31 December 2023 and 2022.

Currency	2023		2022	
	Increase (decrease) (%)	Effect on profit before tax (Thousand Baht)	Increase (decrease) (%)	Effect on profit before tax (Thousand Baht)
Baht	-	-	0.40	6,177
	-	-	(0.40)	(6,177)

Foreign currency risk

As at 31 December 2023 and 2022, the Group had no material financial instruments which denominated in foreign currency.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of short-term loan from financial institutions, trade and other payables, lease liabilities, long-term loans, deposits for rental and services, retention guarantees and unsecured debentures. Approximately 59% of the Group's debt will mature in less than one year at 31 December 2023 (2022: 31%) (the Company only: 59%, 2022: 29%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2023				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Short-term loan from financial institution	-	500	-	-	500
Trade and other payables	-	691	-	-	691
Lease liabilities	-	199	584	25	808
Long-term loans	-	563	562	-	1,125
Deposits for rental and services	32	-	-	-	32
Retention guarantees	272	-	-	-	272
Unsecured debentures	-	5,230	4,270	-	9,500
Total non-derivatives	304	7,183	5,416	25	12,928

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Short-term loan from financial institution	-	1,000	-	-	1,000
Trade and other payables	-	673	-	-	673
Lease liabilities	-	195	736	63	994
Long-term loans	-	1,919	1,125	-	3,044
Deposits for rental and services	37	-	-	-	37
Retention guarantees	240	-	-	-	240
Unsecured debentures	-	-	7,500	-	7,500
Total non-derivatives	277	3,787	9,361	63	13,488

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2023				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Short-term loan from financial institution	-	500	-	-	500
Trade and other payables	-	446	-	-	446
Lease liabilities	-	45	152	25	222
Long-term loan	-	563	562	-	1,125
Deposits for rental and services	27	-	-	-	27
Retention guarantees	122	-	-	-	122
Unsecured debentures	-	5,230	4,270	-	9,500
Total non-derivatives	149	6,784	4,984	25	11,942

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Short-term loan from financial institution	-	1,000	-	-	1,000
Trade and other payables	-	434	-	-	434
Lease liabilities	-	41	151	63	255
Long-term loans	-	1,919	1,125	-	3,044
Deposits for rental and services	31	-	-	-	31
Retention guarantees	110	-	-	-	110
Unsecured debentures	-	-	7,500	-	7,500
Total non-derivatives	141	3,394	8,776	63	12,374

36.2 Fair values of financial instruments

The methods and assumptions used by the Group in estimating the fair value of financial instruments are as follows.

- For financial assets and liabilities which have short-term maturity, including cash and cash at financial institutions, accounts receivable, accounts payable, deposits, retention guarantees and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.

Since the majority of the Group's financial instruments bear floating interest rates, their fair value except unsecured debentures are not expected to be materially different from the amounts presented in the statement of financial position. The estimated fair value of unsecured debentures, in comparison with the related amounts carried in the statement of financial position, is as follows.

(Unit: Million Baht)

	As at 31 December 2023		As at 31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liability</u>				
Unsecured debentures	9,365	9,358	7,381	7,357

During the current year, there were no transfers within the fair value hierarchy.

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods.

As at 31 December 2023, the Group's debt-to-equity ratio was 0.53:1 (2022: 0.57:1) and the Company's was 0.46:1 (2022: 0.49:1).

38. Event after reporting period

On 27 February 2024, the meeting of the Company's Board of Directors passed a resolution to propose to the annual general meeting of the Company's shareholders for an approval of a dividend payment from the operating results of the year 2023 at a rate of Baht 0.15 per share or a total of approximately Baht 1,607 million. The Company had made payment of an interim dividend of Baht 0.05 per share to its shareholders on 7 September 2023, remained a final dividend of Baht 0.10 per share or a total of approximately Baht 1,071 million, which will be paid on 16 May 2024.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2024.