



PRUKSA

**Pruksa Holding Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report

Independent Auditor's Report

To the shareholders of Pruksa Holding Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Pruksa Holding Public Company Limited and its subsidiaries (the "Group") and of Pruksa Holding Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2017, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of real estate projects under development	
Refer to Notes 3 and 7	
The key audit matter	How the matter was addressed in the audit
<p>Real estate projects under development is a very significance balance in the statement of financial position and there are certain long outstanding real estate projects under development. The carrying value of real estate projects under development are stated at the lower of cost and net realisable value. The management had to use estimation to obtain net realisable value.</p> <p>I considered this matter to be significant as it involved significant estimation.</p>	<p>Our audit procedures performed included:</p> <ul style="list-style-type: none">- understand, assess and testing the Group's controls of net realisable value ;- understand and sampling test by attending physical count property projects;- assess the accuracy of net realisable value by comparing to actual selling prices, approval selling prices and independent appraisal valuers for long outstanding projects, the estimation of selling expenses with related supporting documentation including using the work of expert to assist the auditor to assess the assumption of appraisal value, understanding of the field of expertise, considering independence of expert, enquiries and understanding the sources of appraisal value; and- assessing adequacy of disclosure in the financial statements in accordance with Thai Financial Reporting Standards.

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Vannaporn Jongperadechanon)
Certified Public Accountant
Registration No. 4098

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2018

Pruksa Holding Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended	Period from
		2017	2016	31 December 2017	(incorporated date) to 16 March 2016 31 December 2016
<i>(in Baht)</i>					
Revenue					
Revenue from sale of real estate	21	43,934,799,376	46,925,869,711	-	-
Dividend income	4, 9	-	-	5,508,335,902	-
Other income	4	178,095,670	247,372,962	71,770,124	-
Total revenue		44,112,895,046	47,173,242,673	5,580,106,026	-
Expenses					
Cost of real estate sales		28,221,940,659	31,184,209,549	-	-
Distribution costs	22	4,382,594,086	3,983,136,976	-	-
Administrative expenses	4, 23	4,154,104,948	4,170,311,256	71,306,418	39,114,861
Finance costs	4, 27	197,350,224	287,326,436	798,046	-
Total expenses		36,955,989,917	39,624,984,217	72,104,464	39,114,861
Share of loss of joint ventures	8	(347,770)	(1,606,889)	-	-
Profit (loss) before income tax expense		7,156,557,359	7,546,651,567	5,508,001,562	(39,114,861)
Tax expense	28	(1,582,429,221)	(1,478,097,307)	-	-
Profit (loss) for the year/period		5,574,128,138	6,068,554,260	5,508,001,562	(39,114,861)

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

Pruksa Holding Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended	Period from
Note	2017	2016	31 December 2017	(incorporated date) to 16 March 2016 31 December 2016
	<i>(in Baht)</i>			
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	6,663,481	(20,211,427)	-	-
Gains (losses) on remeasuring available-for-sale investments	(53,625)	54,784	-	-
Total items that will be reclassified subsequently to profit or loss	6,609,856	(20,156,643)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Losses on remeasurements of defined benefit plans	(11,976,186)	-	-	-
Total items that will not be reclassified to profit or loss	(11,976,186)	-	-	-
Other comprehensive income/(expense) for the year/period, net of tax	(5,366,330)	(20,156,643)	-	-
Total comprehensive income/(expense) for the year/period	5,568,761,808	6,048,397,617	5,508,001,562	(39,114,861)
Profit (loss) attributable to:				
Owners of the parent	5,456,416,101	5,940,293,208	5,508,001,562	(39,114,861)
Non-controlling interests	117,712,037	128,261,052	-	-
Profit (loss) for the year/period	5,574,128,138	6,068,554,260	5,508,001,562	(39,114,861)
Total comprehensive income/(expense) attributable to:				
Owners of the parent	5,451,249,369	5,920,559,854	5,508,001,562	(39,114,861)
Non-controlling interests	117,512,439	127,837,763	-	-
Total comprehensive income/(expense) for the year/period	5,568,761,808	6,048,397,617	5,508,001,562	(39,114,861)
Earnings (loss) per share (in Baht)				
Basic earnings (loss) per share	30 2.50	2.72	2.52	(0.18)
Diluted earnings per share	30 -	-	-	-

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

Pruksa Holding Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements											
	Note	Issued and paid-up share capital	Share premium	Warrants	Retained earnings		Other components shareholders' equity			Equity attributable to owners of the parent	Non-controlling interests	Total equity
					Legal reserve	Unappropriated	Translating foreign operations <i>(in Baht)</i>	Available-for-sale investments	Total other components of equity			
Year ended 31 December 2016												
Balance at 1 January 2016		2,231,071,000	1,777,949,025	45,354,949	228,529,880	29,979,371,469	(35,259,034)	(8)	(35,259,042)	34,227,017,281	(8,987,644)	34,218,029,637
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners of the parent</i>												
Issue of ordinary shares	18	10,000	-	-	-	-	-	-	-	10,000	-	10,000
Warrants exercised	18, 19	1,611,000	50,280,276	(25,664,197)	-	-	-	-	-	26,227,079	-	26,227,079
Share-based payment transaction	19	-	-	1,740,337	-	-	-	-	-	1,740,337	-	1,740,337
Revocation of warrants of the company	19	-	-	(21,431,089)	-	-	-	-	-	(21,431,089)	-	(21,431,089)
Warrant issued for cancelled warrant under restructuring plan	19	-	-	21,431,089	-	-	-	-	-	21,431,089	-	21,431,089
Dividends	31	-	-	-	-	(4,130,461,700)	-	-	-	(4,130,461,700)	-	(4,130,461,700)
Total transactions with owners, recorded directly in equity		1,621,000	50,280,276	(23,923,860)	-	(4,130,461,700)	-	-	-	(4,102,484,284)	-	(4,102,484,284)
Comprehensive income for the year												
Profit		-	-	-	-	5,940,293,208	-	-	-	5,940,293,208	128,261,052	6,068,554,260
Other comprehensive income		-	-	-	-	-	(19,786,987)	53,633	(19,733,354)	(19,733,354)	(423,289)	(20,156,643)
Total comprehensive income for the year		-	-	-	-	5,940,293,208	(19,786,987)	53,633	(19,733,354)	5,920,559,854	127,837,763	6,048,397,617
Adjustment non-controlling interest from business combination under common control		(46,834,420)	(38,392,815)	(450,053)	(4,799,127)	(542,828,276)	741,027	-	741,027	(632,563,664)	632,563,664	-
Balance at 31 December 2016		2,185,857,580	1,789,836,486	20,981,036	223,730,753	31,246,374,701	(54,304,994)	53,625	(54,251,369)	35,412,529,187	751,413,783	36,163,942,970

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

Pruksa Holding Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements											
	Note	Issued and paid-up share capital	Share premium	Warrants	Retained earnings		Other components shareholders' equity			Equity attributable to owners of the parent	Non-controlling interests	Total equity
					Legal reserve	Unappropriated	Translating foreign operations <i>(in Baht)</i>	Available-for-sale investments	Total other components of equity			
Year ended 31 December 2017												
Balance at 1 January 2017		2,185,857,580	1,789,836,486	20,981,036	223,730,753	31,246,374,701	(54,304,994)	53,625	(54,251,369)	35,412,529,187	751,413,783	36,163,942,970
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners of the parent</i>												
Warrants exercised	18, 19	939,000	29,306,190	(14,508,270)	-	-	-	-	-	15,736,920	(450,000)	15,286,920
Share-based payment transaction	19	-	-	25,438,693	-	-	-	-	-	25,438,693	-	25,438,693
Dividends	31	-	-	-	-	(2,995,863,955)	-	-	-	(2,995,863,955)	(118,023,088)	(3,113,887,043)
Total transactions with owners, recorded directly in equity		939,000	29,306,190	10,930,423	-	(2,995,863,955)	-	-	-	(2,954,688,342)	(118,473,088)	(3,073,161,430)
Comprehensive income for the year												
Profit		-	-	-	-	5,456,416,101	-	-	-	5,456,416,101	117,712,037	5,574,128,138
Other comprehensive income		-	-	-	-	(11,976,186)	6,863,079	(53,625)	6,809,454	(5,166,732)	(199,598)	(5,366,330)
Total comprehensive income for the year		-	-	-	-	5,444,439,915	6,863,079	(53,625)	6,809,454	5,451,249,369	117,512,439	5,568,761,808
Balance at 31 December 2017		2,186,796,580	1,819,142,676	31,911,459	223,730,753	33,694,950,661	(47,441,915)	-	(47,441,915)	37,909,090,214	750,453,134	38,659,543,348

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

Pruksa Holding Public Company Limited and its Subsidiaries

Statement of changes in equity

		Seperate financial statements			
	<i>Note</i>	Issued and paid-up share capital	Share premium	Deficits	Total equity
		<i>(in Baht)</i>			
Period from 16 March 2016 (incorporated date) to 31 December 2016					
Balance at 16 March 2016 (incorporated date)		-	-	-	-
Transactions with owners, recorded directly in equity					
<i>Contributions by owners</i>					
Issue of ordinary shares	<i>18</i>	2,185,857,580	32,337,537,019	-	34,523,394,599
Total transactions with owners, recorded directly in equity		2,185,857,580	32,337,537,019	-	34,523,394,599
Comprehensive income for the period					
Loss		-	-	(39,114,861)	(39,114,861)
Total comprehensive income for the period		-	-	(39,114,861)	(39,114,861)
Balance at 31 December 2016		2,185,857,580	32,337,537,019	(39,114,861)	34,484,279,738

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

Pruksa Holding Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Seperate financial statements					Total equity
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Deficits	
Year ended 31 December 2017							
Balance at 1 January 2017		2,185,857,580	32,337,537,019	-	-	(39,114,861)	34,484,279,738
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Warrants exercised	18, 19	939,000	29,306,190	(14,958,270)	-	-	15,286,920
Share-based payment transaction	19	-	-	46,869,729	-	-	46,869,748
Dividends	31	-	-	-	-	(2,995,863,955)	(2,995,863,955)
Total transactions with owners, recorded directly in equity		939,000	29,306,190	31,911,459	-	(2,995,863,955)	(2,933,707,287)
Comprehensive income for the year							
Profit		-	-	-	-	5,508,001,562	5,508,001,562
Total comprehensive income for the year		-	-	-	-	5,508,001,562	5,508,001,562
Transfer to legal reserve	20	-	-	-	222,638,318	(222,638,318)	-
Balance at 31 December 2017		2,186,796,580	32,366,843,209	31,911,459	222,638,318	2,250,384,428	37,058,573,994

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

Pruksa Holding Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements		
	Note	Year ended 31 December 2017	Year ended 31 December 2017	Period from 16 March 2016 (incorporated date) to 31 December 2016	
		2016	(in Baht)		
Cash flows from operating activities					
Profit (loss) for the year/period		5,574,128,138	6,068,554,260	5,508,001,562	(39,114,861)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>					
Tax expense		1,582,429,221	1,478,097,307	-	-
Finance costs		197,350,224	287,326,436	798,046	-
Depreciation and amortisation		467,331,414	453,742,679	63,652	-
(Reversal of) losses on real estate projects under development devaluation		5,155,613	(4,255,920)	-	-
Reversal of impairment losses on equipment		(498,154)	-	-	-
Reversal of impairment losses on deposits for purchase of land		(22,968,000)	-	-	-
Reversal of impairment losses on investment properties		(5,836,000)	-	-	-
Loss on disposal of equipment		18,388,236	1,516,968	-	-
Loss on disposal of intangible assets		-	2,771,880	-	-
Gain on sale of investment properties		(6,407,448)	(3,202,432)	-	-
Dividend income from subsidiary		-	-	(5,508,335,902)	-
Currency translation differences		8,578,849	(25,264,230)	-	-
Provisions for employees benefits		69,893,689	42,092,000	626,500	-
Shared-based payment		25,438,693	1,740,337	-	-
Provision for litigation and claims		69,513,068	26,832,000	-	-
Gain on disposal of current investments		(70,314)	(2,202,997)	-	-
Share of loss of investments in joint ventures		347,770	1,606,889	-	-
Reversal of share of loss of joint ventures		(347,770)	(1,606,889)	-	-
		<u>7,982,427,229</u>	<u>8,327,748,288</u>	<u>1,153,858</u>	<u>(39,114,861)</u>
Changes in operating assets and liabilities					
Other receivables from subsidiaries		-	-	(37,205,749)	-
Real estate projects under development		(3,785,167,777)	(1,769,661,578)	-	-
Deposits for purchase of land		36,729,032	(12,829,756)	-	-
Advance payment for goods		(70,563,831)	209,924,607	(293,314)	-
Other current assets		2,465,400	(14,447,290)	(16,362,772)	(846,987)
Other non-current assets		(52,385,368)	(19,391,758)	(1,488,954)	-
Trade accounts payable		383,679,625	419,181,985	-	-
Other payables - subsidiary		-	-	(39,592,323)	39,592,323
Payables for purchase of land		(1,951,847,427)	(1,132,717,887)	-	-
Customers' deposits		251,530,148	(164,523,470)	-	-
Other current liabilities		363,579,590	218,107,358	18,597,267	384,175
Net cash generated from operating		<u>3,160,446,621</u>	<u>6,061,390,499</u>	<u>(75,191,987)</u>	<u>14,650</u>
Taxes paid		(1,769,631,122)	(1,630,454,743)	-	-
Net cash from (used in) operating activities		<u>1,390,815,499</u>	<u>4,430,935,756</u>	<u>(75,191,987)</u>	<u>14,650</u>

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

Pruksa Holding Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	<i>Note</i>	Year ended 31 December	Year ended	Period from
	2017	2016	31 December 2017	16 March 2016 (incorporated date) to 31 December 2016
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Proceeds from sale of equipment		18,017,876	29,148,026	-
Acquisition of property, plant and equipment	(1,404,886,616)	(227,150,530)	(134,317)	-
Acquisition of intangible assets	(57,798,970)	(72,312,688)	(1,850,000)	-
Proceeds from sale of investment properties		7,828,800	17,360,000	-
Increase in investment in subsidiaries	-	-	(999,999,977)	-
Dividend income from subsidiary	-	-	5,508,335,902	-
Short-term loans to subsidiary	-	-	(4,362,975,000)	-
Proceed from short-term loans to subsidiary	-	-	2,941,606,545	-
Proceeds from sale of current investments		303,334,890	3,415,418,976	-
Acquisition of current investments	(56,941,202)	(3,333,599,146)	-	-
Net cash from (used in) investing activities		(1,190,445,222)	(171,135,362)	3,084,983,153
<i>Cash flows from financing activities</i>				
Proceeds from issue of shares		15,286,920	26,237,080	15,286,920
Increase in short-term loans from financial institutions, net		902,049,982	1,897,950,018	-
Proceed from long-term debentures		9,500,000,000	4,000,000,000	-
Repayment of long-term debentures		(6,000,000,000)	(6,000,000,000)	-
Dividends paid to owners of the Company		(2,995,863,955)	(4,130,461,700)	(2,995,863,955)
Dividends paid to Non-controlling interests		(118,023,088)	-	-
Proceed from short-term loans from subsidiary		-	-	23,358,128
Repayment of short-term loans from subsidiary		-	-	(22,633,176)
Interest paid		(741,694,656)	(803,075,054)	(798,046)
Net cash from (used in) financing activities		561,755,203	(5,009,349,656)	(2,980,650,129)
Net increase (decrease) in cash and cash equivalents		762,125,480	(749,549,262)	29,141,037
Cash and cash equivalents at 1 January		585,409,490	1,334,958,752	24,650
Cash and cash equivalents at 31 December	5	1,347,534,970	585,409,490	29,165,687
<i>Non-cash transactions:</i>				
Increase (decrease) in equipment payable		(10,100,775)	19,516,612	-
Transfer of investment properties from real estate projects under development, net		(391,022,668)	(27,162,469)	-

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

Pruksa Holding Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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Pruksa Holding Public Company Limited and its Subsidiaries
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 19 February 2018.

1 General information

(a) Corporate information

Pruksa Holding Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1177, Pearl Bangkok Tower 24th floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok.

The Company was listed on the Stock Exchange of Thailand in November 2016.

The Company’s major shareholder during the financial statement was Vijitpongpun family (75.44% shareholding).

(b) Restructuring plan

At the annual general meeting of the shareholders of Pruksa Real Estate Public Company Limited (“Pruksa Real Estate”) held on 28 April 2016, the shareholders approved the restructuring plan of Pruksa Real Estate Public Company Limited. According to such restructuring plan, Pruksa Real Estate established the Company under the name, Pruksa Holding Public Company Limited, in order to engage in the business of investment and to hold the shares of Pruksa Real Estate. The Company made a tender offer for all ordinary shares of Pruksa Real Estate by exchanging them for ordinary shares of the Company, with the exchange rate of 1 per 1.

On 25 November 2016, the Company reported that as a result of the tender offer, the Company had acquired 97.90% of the total number of paid up shares of Pruksa Real Estate. After the completion of the tender offer, the Company’s shares was listed on the Stock Exchange of Thailand on 1 December 2016 in place of the Pruksa Real Estate’s shares which was delisted from the Stock Exchange of Thailand on the same day.

(c) Principal activity

The principal activity of the Company is investing. The principle activities of the Group are real estate development. Details of the Company’s subsidiaries and joint ventures as at 31 December 2017 and 2016 are disclosed in notes 4, 8 and 9 to the financial statements.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

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In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the Group's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale investments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n)

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 25 Lease classification

(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 7 Net realisable value test of real estate projects under development
Note 10 Net realisable value test of investment properties
Note 13 Recognition of deferred tax assets;
Note 17 Measurement of defined benefit obligations: key actuarial assumptions; and
Note 34 Recognition and measurement of provisions and contingencies

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Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 - investment property
- Note 19 - Warrants; and
- Note 32 - financial instruments.

(e) Restructuring plan

Comparative information

As described in note 1, the Company and Pruksa Real Estate have implemented the business restructuring plan. Because the business restructuring is considered as a business combination of entities under common control, the Company has presented the consolidated financial statements including the financial statements of Pruksa Real Estate as if the business combination had been taken place since the beginning of the year 2016.

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Business combination under common control

As mentioned in note 1 (b) The Company has recognised investment in Pruksa Real Estate amounting to Baht 34,523 million in the separate financial statements, calculated based on the proportion of the net book value of Pruksa Real Estate' shareholders equity which presented in the consolidated financial statements in as at the date of restructuring.

Because the business restructuring is considered as a business combination of entities under common control, the Company has presented the consolidated financial statements including the financial statements of Pruksa Real Estate and presented the transaction through shareholders' equity as if the business combination had been taken place since the beginning of the year 2016.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basic of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of a joint venture while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange arising from investing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Hedge of exchange rates

The Group has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward contract term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on the foreign currency monetary transactions being hedged.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

(e) *Other accounts receivable*

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

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

(f) *Real estate development projects*

Real estate development projects are projects for the development of properties with the intention of sale in the ordinary course of business. They are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate projects under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development property are capitalised, on a specific identification basis, as part of the cost of the property until the completion of development.

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The cost of construction materials is calculated using the moving-weighted average cost principle.

The cost of sample houses and real estate projects under development is calculated using standard cost adjusted to approximate average cost which includes an appropriate share of production overheads based on normal developing capacity.

The cost of land is calculated using specifically identified costs.

(g) Investments

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in mutual fund

Mutual funds are marketable equity securities, classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit or loss.

The fair value of investments in mutual fund is determined as the net asset value at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Investment properties

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

Investment properties comprised land, which is measured at cost less impairment losses.

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(i) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

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

Subsequent costs

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

Depreciation

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

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

Land improvement	8 - 10	years
Building and decoration	3 - 27	years
Machinery and equipment	3 - 20	years
Furniture, fixtures and office equipment	3, 5	years
Public utilities	20	years
Transportation equipment	5	years

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No depreciation is provided on freehold land or assets under construction and installation.

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

(j) Intangible assets

Software licenses

Software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are 10 years.

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

(k) Impairment

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

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

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

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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

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Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the borrowings.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plan

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

Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) *Share-based payments*

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

(p) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(q) *Revenue*

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and rendering of services

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

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Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Revenue from sale of real estate

When the contract meets the criteria for a sale of goods, or if control and significant risks and rewards of ownership of the work in progress are transferred to the buyer at a single time, for example at completion or delivery, revenue is recognised when the criteria described above for sales of goods and services are met.

Dividend income

Dividend income is recognised in the profit or loss on the date the Group's right to receive payments is established.

Interest and other income

Interest and other income are recognised in the profit or loss as they accrue.

(r) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(s) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

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At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(t) *Income tax*

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

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

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(u) Earnings (loss) per share

The Group presents basic and diluted earnings (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly primarily the Company's headquarters assets and head office revenues and expenses and tax assets.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and joint ventures are described in notes 8 and 9. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Kaysorn Construction Company Limited	Maldives	Branch of Kaysorn Construction Company Limited
Thongma Vijiitpongpan	Thai	Major shareholder, 10% or more shareholding, and a director
T C T Co., Ltd.	Thai	Common directors
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Interest income	MLR, MLR-2 and 4%
Dividend income	The declared amount
Management income	Agreed price
Interest expense	MLR, MLR-2% and 4%
Management fee	Agreed prices
Rental and service charges	Agreed prices
Purchase of lands	Agreed prices

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Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Subsidiaries				
Interest income	-	-	36.98	-
Dividend income	-	-	5,508.34	-
Management income	-	-	34.77	-
Interest expense	-	-	0.56	-
Management fee	-	-	1.31	-
Other related parties				
Rental and service charges	57.62	-	0.82	-
Purchase of lands	950.00	-	-	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	218.29	209.12	9.45	-
Post-retirement benefits	4.48	3.22	-	-
Share-base payments	5.18	0.49	-	-
Total key management personnel compensation	227.95	212.83	9.45	-

Balances as at 31 December with related parties were as follows:

	Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Other receivables to subsidiary		
Pruksa Real Estate Public Co., Ltd.	37.21	-
Short-term loans to subsidiaries		
Pruksa Real Estate Public Co., Ltd.	1,458.24	-
Vimut Hospital Holding Co.,Ltd.	10.00	-
	1,468.24	-
Accrued interest income - subsidiaries		
Pruksa Real Estate Public Co., Ltd.	13.92	-
Vimut Hospital Holding Co.,Ltd.	0.06	-
	13.98	-
Total short-term loans and accrued interest income - subsidiaries	1,482.22	-

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Movements during the years ended 31 December of short-term loans to subsidiary were as follows:

	Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
At 1 January	-	-
Increase	4,409.84	-
Decrease	(2,941.60)	-
At 31 December	<u>1,468.24</u>	<u>-</u>

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i>Deposit for rental and service - Other related party (presents under other non-current assets)</i>				
T C T Co., Ltd.	<u>45.66</u>	<u>-</u>	<u>1.26</u>	<u>-</u>

	Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
<i>Other payables - subsidiary</i>		
Pruksa Real Estate Public Co., Ltd.	<u>-</u>	<u>39.59</u>
<i>Short-term loans from subsidiary</i>		
Pruksa Real Estate Public Co., Ltd.	<u>0.72</u>	<u>-</u>

Movements during the years ended 31 December of short-term loans from subsidiary were as follows:

	Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
At 1 January	-	-
Increase	23.36	-
Decrease	(22.64)	-
At 31 December	<u>0.72</u>	<u>-</u>

Significant agreements with related parties

- (a) The subsidiaries had lease agreements covering office space (including related service charges) with a director of the Company, which ended in November 2017. The rental and service charges for the years ended 31 December 2017 amounted to Baht 2.9 million (2016: Baht 3.2 million)
- (b) The Company and subsidiaries had 3 years lease agreements covering office space (including related service charges) with other related party, during 1 November 2017- 31 October 2020. The lessor delivered the premises to the Group from 1 August 2017. The rental and service charges for the years ended 31 December 2017 for consolidated and separate financial statement amounted to Baht 57.7 million and Baht 0.8 million, respectively.

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- (c) The subsidiaries had partly registered land servitude accumulative value as at 31 December 2017 of Baht 1,769.9 million (2016: Baht 1,335.1 million), which is subject to servitudes and restrictions to the projects of the Group for construction of the utilities of the projects with no time limit. During the years ended 31 December 2017, the subsidiaries had registered land servitude and ceded land for the public interest amounting to Baht 718.5 million (2016: Baht 219.8 million), and for which the subsidiaries have received compensation of Baht 725.6 million (2016: Baht 222.0 million).
- (d) The subsidiaries had loan agreements with others for loan lines totaling Baht 7,702 million which interest rate at MLR-2% per annum and are repayable on demand. In addition, the subsidiaries had advance agreement with others which interest rate at MLR per annum.
- (e) The Company and subsidiaries had loan agreements for the loan lines totaling Baht 4,300 million which interest rate at MLR-2% per annum and are repayable on demand. In addition, the subsidiaries had advance agreement with others which interest rate at MLR per annum.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cash on hand	19	4	-	-
Cash at banks-current accounts	77	27	28	-
Cash at banks-savings accounts	266	145	1	-
Cash at banks-fixed deposit	102	-	-	-
Cheques on hand	880	408	-	-
Others	3	1	-	-
Total	1,347	585	29	-

6 Current investments

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
<i>Current investments</i>		
Mutual fund-available for sale investments	-	246
Total	-	246

Movements during the years ended 31 December of mutual fund-available for sale investments were as follows:

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
At 1 January	246	326
Purchases during the year	57	3,334
Sales during the year	(303)	(3,414)
At 31 December	-	246

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7 Real estate projects under development

	<i>Note</i>	Consolidated financial statements	
		2017	2016
		<i>(in million Baht)</i>	
Construction materials		677	455
Sample houses		1,302	1,083
Projects under development			
- land		30,353	27,267
- land improvements		1,473	1,468
- construction cost		4,114	4,908
- public utilities		2,233	1,840
- overhead costs		2,279	1,870
- interest costs		723	594
		41,175	37,947
Land, and land and houses for sale		11,743	11,363
Land held for development		8,999	9,090
Total		63,896	59,938
<i>Less</i> Losses on real estate projects under development devaluation		(105)	(100)
Net		63,791	59,838
Finance costs capitalised during the year	27	564	502

	Consolidated financial statements	
	2017	2016
	<i>(projects)</i>	
<i>Number of projects under development</i>		
Townhouse	140	127
Single house	51	41
Twin house	10	9
Condominium	20	16
Foreign	-	1
Total projects	221	194

Real estate projects under development (land and structure thereon) are used as collateral for credit facilities from banks (see note 14 to the financial statements).

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8 Investments in joint ventures

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Joint ventures		
At 1 January	108	108
Share of net losses in joint ventures	-	(2)
Reversal of share of loss of investments in joint ventures	-	2
At 31 December	<u>108</u>	<u>108</u>

During the year ended 31 December 2017 and 2016 there were no acquisitions and disposals of investments in joint ventures.

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Investments in joint ventures as at 31 December 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

Consolidated financial statements													
	Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income		
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
			(%)						(in million Baht)				
<i>Joint ventures - indirect shareholding by a subsidiary</i>													
Pruksa HDC	Property												
Housing Private Limited	development and construction	Maldives	80.00	80.00	129.6	129.6	129.6	129.6	108.0	108.0	-	-	
Pruksa - Luxora	Property												
Housing Private Limited	development and construction	India	50.00	50.00	0.3	0.3	0.3	0.3	-	-	-	-	
Total							129.9	129.9	108.0	108.0	-	-	

The joint venture agreement provides that the joint venturers have joint control and management.

None of the Group's joint ventures are publicly listed and consequently do not have published price quotations.

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9 Investments in subsidiaries

	Separate financial statements	
	2017	2016
	<i>(in million Baht)</i>	
At 1 January/ 16 March	34,523	-
Acquisitions	1,000	34,523
At 31 December	<u>35,523</u>	<u>34,523</u>

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Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income from those investments for the years then ended, were as follows:

	Type of business	Country of incorporation	Separate financial statements							
			Ownership interest		Paid-up capital		Cost method		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)				(in million Baht)			
<i>Subsidiaries</i>										
<i>Direct</i>										
Pruksa Real Estate Public Co., Ltd.	Sale of real estate	Thailand	97.90	97.90	2,232.7	2,232.7	34,523.4	34,523.4	5,508.3	-
Vimut Hospital Holding Co., Ltd.*	Investment	Thailand	99.99	-	1,000.0	-	1,000.0	-	-	-
<i>Indirect (hold by subsidiaries)</i>										
Kaysorn Construction Co., Ltd.	Services, management, home decoration and construction	Thailand	100.00	100.00	100.0	100.0	-	-	-	-
Putthachart Estate Co., Ltd.	Sale of real estate	Thailand	100.00	100.00	800.0	800.0	-	-	-	-
Phanalee Estate Co., Ltd.	Sale of real estate	Thailand	100.00	100.00	800.0	800.0	-	-	-	-
Pruksa Oversea Co., Ltd.	Investment	Thailand	100.00	100.00	500.0	500.0	-	-	-	-
Pruksa International Co., Ltd.	Investment	Thailand	100.00	100.00	1,000.0	1,000.0	-	-	-	-
Pruksa India Housing Private Limited	Property development and construction	India	100.00	100.00	9.8	13.1	-	-	-	-
Pruksa India Construction Private Limited	Construction	India	100.00	100.00	0.7	0.7	-	-	-	-
Pruksa Vietnam Company Limited**	Property development and construction	Vietnam	100.00	100.00	106.1	106.1	-	-	-	-
Pruksa Oversea Service Company Limited***	Service and management	Thailand	100.00	100.00	2.5	2.5	-	-	-	-
Pruksa Mohan Mutha Real Estate Private Limited****	Property development and construction	India	84.85	84.85	-	0.6	-	-	-	-
Thanatep Engineering and Construction Company Limited*****	Construction	Thailand	51.00	51.00	5.0	5.0	-	-	-	-

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	Type of business	Country of incorporation	Separate financial statements							
			Ownership interest		Paid-up capital		Cost method		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)				<i>(in million Baht)</i>			
Vimut International Hospital Co., Ltd.	Operating of hospitals, clinics and place of examination and treatment	Thailand	99.99	-	998.0	-	-	-	-	-
Total							35,523.4	34,523.4	5,508.3	-

None of the Company's subsidiaries are publicly listed and consequently do not have published price quotations.

* - In February June and July 2017, the Company invested in shares of Vimut Hospital Holding Co., Ltd of Baht 1,000.0 million, at 99.99% shareholding.

** - Ownership interest in Pruksa Vietnam Company Limited, according to the agreement, is 85:15 when all shares are fully paid. However, as at 31 December 2017, the Company indirectly held 100% of share in Pruksa Vietnam Company Limited because the joint venture hasn't paid for the shares.

*** - Pruksa Oversea Service Company Limited has registered for dissolution with the Ministry of Commerce on 4 October 2017. The Company is in liquidation process.

**** - Pruksa Mohan Mutha Real Estate Private Limited was liquidated during the year.

***** - Thanatep Engineering and Construction Company Limited has registered for dissolution with the Ministry of Commerce on 25 August 2015. The Company is in liquidation process.

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10 Investment properties

	Consolidated financial statements (in million Baht)
<i>Cost</i>	
At 1 January 2016	385
Disposals	(14)
Transfer from real estate projects under development	71
Transfer to real estate projects under development	(44)
At 31 December 2016 and 1 January 2017	398
Disposals	(1)
Transfer from real estate projects under development	427
Transfer to real estate projects under development	(36)
At 31 December 2017	788
<i>Impairment loss</i>	
At 1 January 2016	153
At 31 December 2016 and 1 January 2017	153
Decrease	(6)
At 31 December 2017	147
<i>Net book value</i>	
At 1 January 2016	232
At 31 December 2016 and 1 January 2017	245
At 31 December 2017	641

The fair value of investment properties as at 31 December 2017 of Baht 682.0 million (2016: Baht 275.2 million) was determined by independent professional valuers, at market values. The fair value measurement for investment property has been categorised as a Level 2 fair value.

The Group's investment properties comprise land held for which there is no specific intention to use in the future.

Measurement of fair value

Fair value hierarchy

The fair value of investment property was determined by external independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

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11 Property, plant and equipment

	Consolidated financial statements							Total
	Land and land improvement	Building and decoration	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Public utilities	Transportation equipment	Assets under construction and installation	
<i>Cost</i>								
At 1 January 2016	846	1,675	2,886	341	17	44	47	5,856
Additions	-	-	130	20	-	3	94	247
Transfers, net	-	24	38	30	-	1	(93)	-
Disposals	-	-	(203)	(40)	-	(9)	-	(252)
At 31 December 2016 and 1 January 2017	846	1,699	2,851	351	17	39	48	5,851
Additions	950	16	75	61	-	3	279	1,384
Transfers, net	5	108	27	42	-	-	(182)	-
Disposals	(4)	(52)	(121)	(92)	-	(5)	-	(274)
At 31 December 2017	1,797	1,771	2,832	362	17	37	145	6,961
<i>Accumulated depreciation and impairment losses</i>								
At 1 January 2016	12	416	1,241	264	17	34	-	1,984
Depreciation charge for the year	4	95	259	43	-	3	-	404
Disposals	-	-	(176)	(38)	-	(6)	-	(220)
At 31 December 2016 and 1 January 2017	16	511	1,324	269	17	31	-	2,168
Depreciation charge for the year	4	101	260	40	-	3	-	408
Disposals	-	(52)	(105)	(86)	-	(5)	-	(248)
At 31 December 2017	20	560	1,479	223	17	29	-	2,328

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	Consolidated financial statements							
	Land and land improvement	Building and decoration	Machinery and equipment	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Public utilities	Transportation equipment	Assets under construction and installation	Total
<i>Net book value</i>								
At 1 January 2016								
Owned assets	834	1,259	1,645	76	-	10	47	3,871
Assets under finance leases	-	-	-	1	-	-	-	1
	834	1,259	1,645	77	-	10	47	3,872
At 31 December 2016 and 1 January 2017								
Owned assets	830	1,188	1,527	82	-	8	48	3,683
Assets under finance leases	-	-	-	-	-	-	-	-
	830	1,188	1,527	82	-	8	48	3,683
At 31 December 2017								
Owned assets	1,777	1,211	1,353	139	-	8	145	4,633
Assets under finance leases	-	-	-	-	-	-	-	-
	1,777	1,211	1,353	139	-	8	145	4,633

The gross amount of the Group's fully depreciated property, plant and equipment but was still in use as at 31 December 2017 amounted to Baht 561 million (2016: Baht 685 million), respectively.

Collateral

At 31 December 2017, the Group's property, plant and equipment with a net book value of Baht 1,267 million (2016: Baht 1,344 million) are used as collateral for credit facilities with banks (see note 14 to the financial statements).

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12 Intangible assets

	Consolidated financial statements	Separate financial statements
	Software licenses	Software licenses
	<i>(in million Baht)</i>	
<i>Cost</i>		
At 1 January 2016	512	-
Additions	72	-
Disposals	(6)	-
At 31 December 2016 and 1 January 2017	578	-
Additions	59	2
At 31 December 2017	637	2
<i>Accumulated amortisation</i>		
At 1 January 2016	198	-
Amortisation charge for the year	49	-
Disposals	(3)	-
At 31 December 2016 and 1 January 2017	244	-
Amortisation charge for the year	59	-
At 31 December 2017	303	-
<i>Net book value</i>		
At 1 January 2016	314	-
At 31 December 2016 and 1 January 2017	334	-
At 31 December 2017	334	2

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14 Interest-bearing liabilities

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
<i>Current</i>		
Short-term loans from financial institutions		
Secured	1,160	-
Unsecured	1,640	1,898
Current portion of long-term debentures		
Unsecured	6,000	6,000
Total current interest-bearing liabilities	8,800	7,898
<i>Non-current</i>		
Long-term debentures		
Unsecured	15,500	12,000
Total non-current interest-bearing liabilities	15,500	12,000
Total	24,300	19,898

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Within one year	8,800	7,898
After one year but within five years	15,500	12,000
Total	24,300	19,898

As at 31 December 2017, unutilised credit facilities totaled Baht 23,892 million, US Dollars 4 million (Baht 131 million) and India Rupee 65 million (Baht 35 million) (2016: Baht 20,697 million, US Dollars 4 million (Baht 144 million) and India Rupee 65 million (Baht 36 million)) for the Group.

Credit facilities of the Group that used assets as collateral as at 31 December 2017 were as follows:

- (a) Loan lines from banks of Baht 1,197 million (2016: Baht 789 million) for the Group.
- (b) Bank overdraft lines of Baht 50 million (2016: Baht 50 million) for the Group.
- (c) Letter of guarantee lines of Baht 5,911 million, US Dollars 4 million (Baht 131 million) and India Rupee 65 million (Baht 35 million) (2016: Baht 5,911 million, US Dollars 4 million (Baht 144 million) and India Rupee 65 million (Baht 36 million)) for the Group.
- (d) Promissory note lines from bank of Baht 10,856 million (2016: Baht 9,792 million) for the Group.
- (f) Other credit facilities of Baht 605 million (2016: Baht 605 million) for the Group.

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Credit facilities were secured on the following assets at carrying value:

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Property, plant and equipment	1,267	1,344
Real estate projects under development (Land and properties)	3,305	4,301
Total	4,572	5,645

In addition, some part of subsidiaries' credit facilities are guaranteed by Pruksa Real Estate.

Loans from financial institutions

Loans from financial institutions bear interest at market rates.

Certain loans contain restrictions on financial ratios, interest-bearing liabilities to equity ratio and payment of dividends.

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Debentures

As at 31 December 2017 and 2016, all debentures of the Group were issued by Pruksa Real Estate and were unsubordinated and unsecured with face value of Baht 1,000 per unit. At shareholders' meetings of Pruksa Real Estate, the shareholders approved the issuance and offer for sale of debt securities as follows:

Type of debenture	Interest rate (% per annum)	Interest payment due	Term	Issuance date	Maturity date	Consolidated financial statements			
						Units		Amount	
						2017 (million units)	2016	2017 (in million Baht)	2016
No. 1/2012*									
Set 2	4.60%	every 3 months	5 years	September 2012	September 2017	-	0.6	-	600
Set 4	4.60%	every 3 months	5 years	September 2012	September 2017	-	1.4	-	1,400
No. 1/2013**									
Set 2	4.09%	every 3 months	5 years	May 2013	May 2018	3.0	3.0	3,000	3,000
No. 1/2014*									
Set 1	3.88%	every 3 months	3 years	January 2014	January 2017	-	2.0	-	2,000
No. 2/2014****									
Set 1	3.71%	every 3 months	2 years 9 moths	September 2014	June 2017	-	2.0	-	2,000
Set 2	3.90%	every 3 months	3 years 6 moths	September 2014	March 2018	2.0	2.0	2,000	2,000
No. 1/2015****									
Set 1	2.68%	every 3 months	3 years 6 months	May 2015	November 2018	1.0	1.0	1,000	1,000
Set 2	3.23%	every 3 months	5 years	May 2015	May 2020	2.0	2.0	2,000	2,000
No. 1/2016****									
Set 1	2.05%	every 3 months	3 years	March 2016	March 2019	2.3	2.3	2,300	2,300
Set 2	2.08%	every 3 months	3 years 6 months	March 2016	September 2019	1.7	1.7	1,700	1,700
No. 1/2017****									
Set 1	2.63%	every 3 months	2 years 10 months	February 2017	November 2019	2.4	-	2,400	-
Set 2	2.85%	every 3 months	3 years 6 months	February 2017	July 2020	2.6	-	2,600	-
No. 2/2017****, *****									
Set 1	2.64%	every 6 months	3 years 5 months	June 2017	November 2020	2.5	-	2,500	-
No. 3/2017****									
Set 1	2.27%	every 6 months	3 years 6 months	September 2017	March 2021	2.0	-	2,000	-
Total						21.5	18.0	21,500	18,000
<i>Less current portion of long-term debentures</i>						<i>(6.0)</i>	<i>(6.0)</i>	<i>(6,000)</i>	<i>(6,000)</i>
Unsubordinated and unsecured debentures - net of current portion						15.5	12.0	15,500	12,000

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- * At the annual general meeting of the shareholders of Pruksa Real Estate held on 27 April 2012, the shareholders approved the issuance and offer for sale of debt securities not exceeding Baht 7,000 million to decrease the financial costs and support the expansion of project development. Such debentures will be offered to public investors and / or private investors following the declaration of the Securities and Exchange Commission that Pruksa Real Estate may offer one-time sales and/or separate sales from time to time. During the third quarter of 2012, Pruksa Real Estate issued debenture no. 1/2012 amounting to Baht 5,000 million and during the first quarter of 2014, Pruksa Real Estate issued debenture no. 1/2014 amounting to Baht 2,000 million.
- ** At the annual general meeting of the shareholders of Pruksa Real Estate held on 26 April 2013, the shareholders approved the issuance and offer for sale of debt securities to support future expansion of Pruksa Real Estate in the aggregate principle amount of not exceeding Baht 6,000 million and maturity of not exceeding 5 years. The type and interest rate of debt securities depend upon the market condition at the time of the issuance and offer for sale. During the second quarter of 2013, Pruksa Real Estate issued debenture no. 1/2013 amounting to Bath 6,000 million.
- *** At the annual general meeting of the shareholders of Pruksa Real Estate held on 25 April 2014, the shareholders approved the issuance and offer for sale of debt securities to support future expansion of Pruksa Real Estate in the aggregate principal amount of not exceeding Baht 7,000 million and maturity of not exceeding 7 years. The type and interest rate of debt securities depend upon the market condition at the time of the issuance and offer for sale. During the third quarter of 2014, Pruksa Real Estate issued debenture no. 2/2014 amounting to Baht 4,000 million and during the second quarter of 2015, the Company issued debenture no. 1/2015 amounting to Baht 3,000 million.
- **** At the annual general meeting of the shareholders of Pruksa Real Estate held on 28 April 2015, the shareholders approved the issuance and offer for sale of debt securities to support future expansion of Pruksa Real Estate in the aggregate principal amount of not exceeding Baht 10,000 million and maturity of not exceeding 7 years. The type and interest rate of debt securities depend upon the market condition at the time of the issuance and offer for sale. During the first quarter of 2016, Pruksa Real Estate issued debenture no. 1/2016 amounting to Baht 4,000 million and during the first quarter of 2017, Pruksa Real Estate issued debenture no. 1/2017 amounting to Baht 5,000 million and during the second quarter of 2017, Pruksa Real Estate issued debenture no. 2/2017 amounting to Baht 1,000 million.
- ***** At the annual general meeting of the shareholders of Pruksa Real Estate held on 28 April 2016, the shareholders approved the issuance and offer for sale of debt securities to support future expansion of Pruksa Real Estate in the aggregate principal amount of not exceeding Baht 7,000 million and maturity of not exceeding 7 years. The type and interest rate of debt securities depend upon the market condition at the time of the issuance and offer for sale. During the second quarter of 2017, Pruksa Real Estate issued debenture no. 2/2017 amounting to Baht 1,500 million. During the third quarter of 2017, Pruksa Real Estate issued debenture no. 3/2017 amounting to Baht 2,000 million.

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Movements during the years ended 31 December of debentures were as follows:

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
At 1 January	18,000	20,000
Issued during the year	9,500	4,000
Matured during the year	(6,000)	(6,000)
At 31 December	<u>21,500</u>	<u>18,000</u>

15 Trade accounts payable

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Other parties	2,379	1,995
Total	<u>2,379</u>	<u>1,995</u>

16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Accrued for real estate projects under development	789	744	-	-
Accrued for public utility	919	758	-	-
Accrued bonus	355	295	15	-
Retention payable	510	517	-	-
Accrued interest expense	73	53	-	-
Accrued withholding tax	57	60	1	-
Others	701	486	3	-
Total	<u>3,404</u>	<u>2,913</u>	<u>19</u>	<u>-</u>

17 Non-current provisions for employee benefit

Defined benefit plan

The Group operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

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Movement in the present value of the defined benefit obligations:

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
At 1 January	290	247
Included in profit or loss:		
Current service cost	68	37
Interest on obligation	10	8
	<u>78</u>	<u>45</u>
Included in other comprehensive income		
Actuarial loss	15	-
Other		
Benefit paid	(9)	(2)
At 31 December	<u><u>374</u></u>	<u><u>290</u></u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements	
	2017	2016
Discount rate (%)	1.41 - 4.15	3.6
Future salary growth		
Employees (%)	5, 6, 8 and 9	5 and 8
Retirement age (<i>year old</i>)	60	60

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 18 years (2016: 25 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements	
	<i>(in million Baht)</i>	
	Increase	Decrease
31 December 2017		
Discount rate (1% movement)	(38)	44
Future salary growth (1% movement)	42	(36)
Future mortality (1% movement)	1	(1)

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	Consolidated financial statements (in million Baht)	
	Increase	Decrease
31 December 2016		
Discount rate (1% movement)	(27)	33
Future salary growth (1% movement)	37	(32)
Future mortality (1% movement)	-	-

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18 Share capital

	Par value per share (in Baht)	2017		2016	
		Number	Amount (million shares / million Baht)	Number	Amount
Authorised					
At 1 January/ 16 March					
- ordinary shares		2,273	2,273	-	-
Increase of new shares	1	-	-	2,273	2,273
Decrease shares	1	(47)	(47)	-	-
At 31 December					
ordinary shares	1	2,226	2,226	2,273	2,273
Issued and paid-up					
At 1 January/ 16 March					
- ordinary shares		2,186	2,186	-	-
Increase of new shares	1	1	1	2,186	2,186
At 31 December					
ordinary shares	1	2,187	2,187	2,186	2,186

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Issue of authorised share capital

At the extraordinary general meeting of shareholders of the Company held on 29 April 2016, the shareholders approved the increase in the Company's authorised share capital from Baht 10,000 (10,000 ordinary shares with a par value of Baht 1 per share) to Baht 2,273,217,600 (2,273,217,600 ordinary shares with a par value of Baht 1 per share) to exchange with Pruksa Real Estate's authorised share capital under restructuring plan and to accommodate the exercise of warrants. The Company registered the increase in the authorised share capital with the Ministry of Commerce on 23 May 2016.

Reduction in authorised share capital

At the annual general meeting of the shareholders of the Company held on 27 April 2017, the shareholders approved the reduction in the Company's authorised share capital by Baht 46.84 from Baht 2,273.22 million to Baht 2,226.38 million by canceling 46.84 million ordinary shares which were issued to accommodate a tender offer of Pruksa Real Estate Public Company Limited. The Company registered the decrease in the authorised share capital with the Ministry of Commerce on 22 May 2017.

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Issue of ordinary shares

As mentioned in note 1, as at 25 November 2016 the Company summarized number of ordinary share which were issued to exchange with ordinary share of Pruksa Real Estate total of 2,185,847,580 shares at 1 Baht per share. The Company registered the increase in the authorised share capital with the Ministry of Commerce on 28 November 2016.

During the years ended 31 December 2017 and 2016, holders of warrants exercised their option to purchase ordinary shares of the Company as follows:

	Exercise price per share (in Baht)	Separate financial statements	
		2017	2016
PS-WF	16.28	0.9	-
Total		0.9	-

Share premium

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

19 Warrants

PS-WE

At the annual general shareholders’ meeting of Pruksa Real Estate held on 26 April 2013, the shareholders passed resolutions to approve the issuance of 15 million units of warrants under the Employee Stock Option Program (ESOP) to directors (who had been allotted as Pruksa Real Estate’s management) and management of Pruksa Real Estate and/or its subsidiaries. The details are as follows:

Description	Details
Type of warrants	No value
Terms of warrants	4 years from the issuance date of warrant
Propose to	Directors (who had been allotted as Pruksa Real Estate’s management) and management of Pruksa Real Estate and/or its subsidiaries
Issued and allotted as at 31 December 2017	4,838,447 units (actual units granted)
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 28.19 per share
Exercise period and proportion	Four times a year in February, May, August and November of each year (first year is 2014), the exercise rights are not to exceed 1/4 of total rights in each year for the period of 4 years. In case of partial exercise, the holders can roll over to the next period.

Measurement of fair value

The fair value of the PS-WE warrants granted was measured based on the Binomial option pricing model. Expected volatility is estimated by considering historic at average share price volatility during the period 24 February 2009 to 25 February 2014.

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The inputs used in the measurement of the fair values of PS-WE warrants were as follows:

Average fair value at grant date (Baht)	2.55
Share price at grant date (Baht)	18.8
Exercise price (Baht)	28.19
Expected volatility (%)	45.0
Expected dividends (%)	3.0
Risk-free interest rate (%)	2.27-3.09
Termination rate (%)	10.0

Pruksa Real Estate granted the rights to directors (who had been allotted as Pruksa Real Estate's management) and management of Pruksa Real Estate and/or its subsidiaries on 25 February 2014, which is the date that Pruksa Real Estate informed conditions and agreements of the rights to exercise options to the directors and employees.

PS-WF

At the annual general meeting of the shareholders of Pruksa Real Estate held on 25 April 2014, the shareholders approved the issuance of 15 million units of warrants (PS-WF) to directors (who had been allotted as Pruksa Real Estate's management) and management of Pruksa Real Estate and/or its subsidiaries. The details are as follows:

Description	Details
Type of warrants	No value
Terms of warrants	4 years from the issuance date of warrant
Propose to	Directors (who had been allotted as the Pruksa Real Estate's management) and management of the Pruksa Real Estate and/or its subsidiaries
Issued and allotted as at 31 December 2017	6,481,593 units (actual units granted)
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 16.28 per share
Exercise period and proportion	Four times a year in February, May, August and November of each year (first year is 2015), the exercise rights are not to exceed 1/4 of total rights in each year for the period of 4 years. In case of partial exercise, the holders can roll over to the next period.

Measurement of fair value

The fair value of the PS-WF warrants granted was measured based on the Binomial option pricing model. Expected volatility is estimated by considering historic at average share price volatility during the period 12 February 2010 to 13 February 2015.

The inputs used in the measurement of the fair values of PS-WF warrants were as follows:

Average fair value at grant date (Baht)	16.01
Share price at grant date (Baht)	32.75
Exercise price (Baht)	16.28
Expected volatility (%)	40.00
Expected dividends (%)	2.86
Risk-free interest rate (%)	2.00-2.45
Termination rate (%)	10.0

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Pruksa Real Estate granted the rights to directors (who had been allotted as Pruksa Real Estate's management) and management of Pruksa Real Estate and/or its subsidiaries on 13 February 2015, which is the date that Pruksa Real Estate informed conditions and agreements of the rights to exercise options to the directors and employees.

PS-WG

At the annual general meeting of the shareholders of Pruksa Real Estate held on 28 April 2015, the shareholders approved the issuance of 15 million units of warrants (PS-WG) to directors (who had been allotted as the of Pruksa Real Estate's management) and management of the of Pruksa Real Estate and/or its subsidiaries. The details are as follows:

Description	Details
Type of warrants	No value
Terms of warrants	4 years from the issuance date of warrant
Propose to	Directors (who had been allotted as the Pruksa Real Estate's management) and management of the Pruksa Real Estate and/or its subsidiaries
Issued and allotted as at 31 December 2017	14,810,443 units (actual units granted)
Exercise ratio	1 warrant to 1 ordinary share
Exercise price	Baht 29.27 per share
Exercise period and proportion	Four times a year in February, May, August and November of each year (first year is 2016), the exercise rights are not to exceed 1/4 of total rights in each year for the period of 4 years. In case of partial exercise, the holders can roll over to the next period.

Pruksa Real Estate granted the rights to directors (who had been allotted as Pruksa Real Estate's management) and management of Pruksa Real Estate and/or its subsidiaries on 17 February 2016, which is the date that Pruksa Real Estate informed conditions and agreements of the rights to exercise options to the directors and employees.

The Thai Financial Reporting Standard 2 (TFRS2): Share-based Payment was effective for share-based payment awards granted on or after 1 January 2011. Therefore, according to TFRS2, the Company has to measure the fair value of the PS-WE, PS-WF and PS-WG Project warrants on the grant date.

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Movements during the years ended 31 December 2017 and 2016 in the units warrants were as follows:

	Consolidated financial statements			
	PS-WE	PS-WF	PS-WG	Total
	<i>(in million units)</i>			
At 1 January 2016	3.1	4.8	-	7.9
Warrants exercised during the year	-	(1.6)	-	(1.6)
Cancellation of warrants of resigned employees	(0.1)	(0.2)	-	(0.3)
Cancellation of warrants during the period from restructuring	(3.0)	(3.0)	-	(6.0)
At 31 December 2016	-	-	-	-
At 1 January 2017	-	-	-	-
Transfer in warrants from restructuring*	3.0	3.0	15.0	21.0
Warrants exercised during the year	-	(0.9)	-	(0.9)
Cancellation of warrants of resigned employees	(0.2)	(0.3)	(2.3)	(2.8)
At 31 December 2017	2.8	1.8	12.7	17.3
	Separate financial statements			
	PS-WE	PS-WF	PS-WG	Total
	<i>(in million units)</i>			
At 1 January 2017	-	-	-	-
Transfer in warrants from restructuring*	3.0	3.0	15.0	21.0
Warrants exercised during the year	-	(0.9)	-	(0.9)
Cancellation of warrants of resigned employees	(0.2)	(0.3)	(2.3)	(2.8)
At 31 December 2017	2.8	1.8	12.7	17.3

Movements during the years ended 31 December 2017 and 2016 in the fair value of warrants were as follows:

	Consolidated financial statements			
	PS-WE	PS-WF	PS-WG	Total
	<i>(in million Baht)</i>			
At 1 January 2016	6.8	38.6	-	45.4
Warrants granted during the year	0.1	1.6	-	1.7
Warrants exercised during the year	-	(25.7)	-	(25.7)
Cancellation of warrants during the period*	(6.9)	(14.5)	-	(21.4)
At 31 December 2016	-	-	-	-
At 1 January 2017	-	-	-	-
Transfer in warrants from restructuring*	6.9	14.5	-	21.4
Warrants granted during the year	-	25.5	-	25.5
Warrants exercised during the year	-	(15.0)	-	(15.0)
At 31 December 2017	6.9	25.0	-	31.9

The expense recognised in respect of share-based payment transactions for the year ended 31 December 2017 was Baht 25.5 million (2016: Baht 1.7 million) for the consolidated financial statements.

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	Separate financial statements			
	PS-WE	PS-WF	PS-WG	Total
	<i>(in million Baht)</i>			
At 1 January 2017	-	-	-	-
Transfer in warrants from restructuring*	6.9	14.5	-	21.4
Warrants granted during the period	-	25.5	-	25.5
Warrants exercised during the period	-	(15.0)	-	(15.0)
At 31 December 2017	<u>6.9</u>	<u>25.0</u>	<u>-</u>	<u>31.9</u>

- * At the annual general meeting of the shareholders of Pruksa Real Estate held on 28 April 2016, the shareholders approved the reduction in Pruksa Real Estate's authorised share capital by means of cancelling ordinary shares which were reserved to accommodate the exercise of warrants (PS-WE, PS-WF and PS-WG), with a par value of Baht 1 each. Subsequently, at the extraordinary general meeting of the shareholders of the Company held on 29 April 2016, the shareholders approved the issuance of warrants to Board and Directors of Pruksa Real Estate, Pruksa Real Estate and subsidiaries, in order to replace warrants of Pruksa Real Estate which is canceled due to restructuring plan.

20 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

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21 Segment information

Due to the Pruksa Real Estate's restructuring plan which was approved at the annual general meeting of the shareholders of Pruksa Real Estate held on 28 April 2016, the Pruksa Real Estate incorporated Pruksa Holding Public Company Limited (Pruksa Holding) which issue of ordinary shares due to the restructuring ended in 25 November 2016. In order to Pruksa Real Estate's business operation is effective and preparation to stable and sustainable growth. There are the segments' restructuring consisted in 5 reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Segment 1	SBU Townhouse 1:	Baan Pruksa I, Baan Pruksa II, and The Connect
Segment 2	SBU Townhouse 2:	Pruksa Ville I, Pruksa Ville II, and PAT
Segment 3	SBU Single house:	Pruksa Town, Passorn I, Passorn II, Passorn III and Pruksa Village
Segment 4	SBU Condominium 1:	Condominium I and Condominium IV
Segment 5	SBU Condominium 2:	Condominium III, Condominium V, and Condominium VI

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments:

	Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Total reportable segments		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
External revenue	11,691	12,955	8,897	8,557	11,266	11,394	5,415	6,471	4,799	5,939	42,068	45,316	1,867	1,610	43,935	46,926
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	2,772	2,209	2,772	2,209
Other revenue	12	16	14	14	22	20	3	69	51	71	102	190	13	10	115	200
Total segment revenue	<u>11,703</u>	<u>12,971</u>	<u>8,911</u>	<u>8,571</u>	<u>11,288</u>	<u>11,414</u>	<u>5,418</u>	<u>6,540</u>	<u>4,850</u>	<u>6,010</u>	<u>42,170</u>	<u>45,506</u>	<u>4,652</u>	<u>3,829</u>	<u>46,822</u>	<u>49,335</u>
Segment profit (loss) before income tax	<u>2,308</u>	<u>2,416</u>	<u>1,557</u>	<u>1,508</u>	<u>1,898</u>	<u>1,818</u>	<u>837</u>	<u>1,394</u>	<u>818</u>	<u>900</u>	<u>7,418</u>	<u>8,036</u>	<u>80</u>	<u>(52)</u>	<u>7,498</u>	<u>7,984</u>
Segment assets as at 31 December	<u>11,096</u>	<u>10,828</u>	<u>13,887</u>	<u>11,470</u>	<u>17,477</u>	<u>16,386</u>	<u>6,534</u>	<u>7,923</u>	<u>8,513</u>	<u>7,819</u>	<u>57,507</u>	<u>54,426</u>	<u>10,994</u>	<u>9,068</u>	<u>68,501</u>	<u>63,494</u>

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Reconciliations of reportable segment revenues, profit or loss and assets

	2017	2016
	<i>(in million Baht)</i>	
Revenues		
Total revenue from reportable segments	42,170	45,506
Other revenue	4,652	3,829
	<u>46,822</u>	<u>49,355</u>
Elimination of inter-segment revenue	(2,772)	(2,209)
Other unallocated amounts	63	47
Consolidated revenue	<u>44,113</u>	<u>47,173</u>
Profit or loss		
Total profit before income tax for reportable segments	7,418	8,036
Other profit (loss)	80	(52)
	<u>7,498</u>	<u>7,984</u>
Elimination of inter-segment profits	(9)	(15)
Other unallocated amounts	(332)	(423)
Consolidated profit before income tax	<u>7,157</u>	<u>7,546</u>
Assets		
Total assets for reportable segments	57,507	54,426
Other assets	10,994	9,068
	<u>68,501</u>	<u>63,494</u>
Other unallocated amounts	3,740	2,850
Consolidated total assets	<u>72,241</u>	<u>66,344</u>

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

	Revenues		Non-current assets	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thailand	44,100	47,026	6,002	4,622
India	13	147	10	15
Maldives	-	-	-	1
Total	<u>44,113</u>	<u>47,173</u>	<u>6,012</u>	<u>4,638</u>

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22 Distribution costs

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Advertising expenses	1,431	1,257
Transfer expenses	1,758	1,757
Sales promotion	1,094	857
Public relation expenses	100	112
Total	<u>4,383</u>	<u>3,983</u>

23 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Employee benefit expenses	2,501	2,322	19	-
Professional fee	219	396	4	27
Rental fee	240	192	1	-
Depreciation and amortisation	117	115	-	-
Others	1,077	1,145	47	12
Total	<u>4,154</u>	<u>4,170</u>	<u>71</u>	<u>39</u>

24 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Salaries and wages	1,935	1,840	7	-
Contributions to provident fund	126	118	1	-
Others - bonus and welfare	1,251	1,266	5	-
Total	<u>3,312</u>	<u>3,224</u>	<u>13</u>	<u>-</u>

Defined benefit plan

Details of the defined benefit plan are given in note 17 to the financial statements.

Defined contribution plan

The defined contribution plan comprises provident fund established by companies in the Group for their employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at rates 5 - 10% of their basic salaries and by the Group at rates 5 - 10% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

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25 Operating leases

Leases as lessee

The Group leases a number of office and other leases under operating leases. The leases typically run for a period of 1 to 5 years.

i. Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable leases were payable as follows.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Office building operating leases				
Within one year	158	7	4	-
After one year but within five years	290	-	8	-
Total	448	7	12	-
Other operating leases				
Within one year	88	52	-	-
After one year but within five years	40	17	-	-
Total	128	69	-	-

ii. Amount recognised in profit or loss

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Lease expense	23	148	110	1	-

26 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirement of various TFRS were as follows:

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Changes in land, land and houses for sale, and real estate projects under development		(3,578)	(306)	-	-
Raw materials and consumables used		20,612	20,143	-	-
Employee benefit expenses	24	3,312	3,224	13	-
Depreciation and amortisation	11, 12	467	454	63	-

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27 Finance costs

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in million Baht)</i>			
Finance costs					
Related parties	4	-	-	1	-
Financial institutions and and institutional investors		761	789	-	-
Total		<u>761</u>	<u>789</u>	<u>-</u>	<u>-</u>
<i>Less</i> amounts included in the cost of qualifying assets:					
- real estate projects under development	7	(564)	(502)	-	-
Net		<u><u>197</u></u>	<u><u>287</u></u>	<u><u>1</u></u>	<u><u>-</u></u>

28 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements	
	<i>Note</i>	2017	2016
		<i>(in million Baht)</i>	
Current tax expense			
Current year		1,555	1,448
Adjustment for prior years		6	(1)
		<u>1,561</u>	<u>1,447</u>
Deferred tax expense			
Movements in temporary differences	13	21	31
		<u>21</u>	<u>31</u>
Total		<u><u>1,582</u></u>	<u><u>1,478</u></u>

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2017			2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Foreign currency translation differences for foreign operations	9	(2)	7	(25)	5	(20)
Losses on remeasurements of defined benefit plans	(15)	3	(12)	-	-	-
Total	<u><u>(6)</u></u>	<u><u>1</u></u>	<u><u>(5)</u></u>	<u><u>(25)</u></u>	<u><u>5</u></u>	<u><u>(20)</u></u>

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Reconciliation of effective tax rate

	Consolidated financial statements			
	2017		2016	
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before tax		<u>7,157</u>		<u>7,547</u>
Income tax using the Thai corporation tax rate	20	1,431	20	1,510
Effect of different tax rates in foreign jurisdictions		1		4
Income not subject to tax		(6)		(104)
Expenses not deductible for tax purposes		64		37
Eliminated income		92		38
Under (over) provided in prior years		6		(1)
Double tax deductible expenses		(6)		(6)
Total	<u>22</u>	<u>1,582</u>	<u>19</u>	<u>1,478</u>

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

29 Promotional privileges

By virtue of the provisions of the Investment Promotion Act of B.E. 2520, the Group has been granted privileges by the Board of Investment relating to developing a housing project for persons who have low or middle income (where the usable area in each unit shall not be less than 31 square meters and the contracted sale amount is less than Baht 600,000).

On 10 June 2009, the Board of Investment added a new condition in respect to pricing for projects located in zone 1 requiring that any apartment building must have area per unit of at least 28 square meters and with a maximum selling price of Baht 1 million (including land cost) and any town house or detached house, area per unit must not be less than 70 square meters with a maximum selling price of Baht 1.2 million (including land cost).

The principal privilege is the exemption from corporate income tax for a period of 5 years from the start of business operations related to these privileges.

As promoted companies, the Group and its subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

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30 Earnings (loss) per share

Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2017 and 2016 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
	<i>(in million Baht / million shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	5,456.42	5,940.29	5,508.00	(39.11)
Number of ordinary shares at 1 January	2,185.86	2,231.07	2,185.86	-
Effect of shares issued :				
On 29 February 2016	-	1.38	-	-
On 28 February 2017	0.74	-	0.74	-
On 31 May 2017	0.03	-	0.03	-
Effect from issue of ordinary share				
On 16 March 2016	-	0.01	-	0.01
Effect from business restructuring				
On 25 November 2016	-	(46.83)	-	220.97
Weighted average number of ordinary shares outstanding (basic)	2,186.63	2,185.63	2,186.63	220.98
Earnings (loss) per share (basic) <i>(in Baht)</i>	2.50	2.72	2.52	(0.18)

Diluted earnings (loss) per share

The Company did not adjust the effect of exercise of share options in some project warrants to calculate diluted earnings per share for the years ended 31 December 2017, which is PS-WF project because the Company's warrant's exercise price per unit was higher than the average market price for the year.

31 Dividend

At the Board of Directors' meeting held on 12 May 2017, the Board approved the appropriation of interim dividend of Baht 0.80 per share, amounting to Baht 1,749.39 million. The dividend paid to shareholders on 9 June 2017.

At the Board of Directors' meeting held on 11 August 2017, the Board approved the appropriation of interim dividend of Baht 0.57 per share, amounting to Baht 1,246.47 million. The dividend paid to shareholders on 8 September 2017.

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32 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The primary objectives of the Company and its subsidiaries' capital management are to maintain their ability to continue as a going concern and to maintain an appropriate capital structure. In addition, the Group has to maintain interest-bearing liabilities to equity ratio as stipulated in loan facility and debentures agreements, and requires to have debenture credit rating by qualified credit rating institutions.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (note 14). The Group does not use derivative financial instrument to manage exposure to fluctuations in interest rates on specific borrowings. Interest rate from borrowings is according to market interest rates.

Foreign currency risk

The Group has risk from foreign currency as stated in related notes to financial statements. Management believes that the Group has minimal currency exchange rate risk.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The Group uses the following methods and assumptions in estimating the fair values of financial instruments.

Cash and cash equivalents, and receivables and payables approximate their fair values due to the relative short-term maturity of these financial instruments.

Current investments is investments in mutual funds, classified as available-for-sale investments, are stated at fair value which is determined as the net asset value announced by asset management company at the reporting date. The fair value measurement is determined to be level 2 of the fair value hierarchy.

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Bank overdrafts and short-term loans approximate their fair values because these financial instruments bear interest at market rates.

Fair values of long-term financial liabilities, together with the carrying values shown in the consolidated and separate statements of financial position at 31 December were as follows:

	Carrying amount	Consolidated financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>					
31 December 2017					
Debentures	21,500	-	21,763	-	21,763
31 December 2016					
Debentures	18,000	-	18,224	-	18,224

The fair value of long-term financial liabilities is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest for similar liabilities at the reporting date.

The Group has an established control framework with respect to the measurement of fair values. This framework includes a valuation team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements.

The management and valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the management and valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Group Audit Committee.

33 Commitments with non-related parties

	Consolidated financial statements	
	2017	2016
	<i>(in million Baht)</i>	
Land purchasing agreements	6,016	5,382
Development and construction agreements	351	1,062
Services and professional consulting agreements	69	116
Machinery purchasing agreements	-	8
Total	6,436	6,568

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Others

As at 31 December 2017;

- (a) The Group had commitment for letters of guarantee issued by certain local banks totaling Baht 8,118 million (2016: Baht 7,090 million).
- (b) The subsidiaries had commitment with the banks as a guarantor of overdraft lines of Baht 115 million (2016: Baht 115 million), letters of guarantee lines of Baht 8,621 million (2016: Baht 9,003 million), promissory note lines of Baht 10,945 million (2016: Baht 9,700 million) and other credit facilities of Baht 770 million (2016: Baht 570 million) of the subsidiaries.

34 Contingent liability

At 31 December 2017, the Group have been sued by other companies and persons in cases of alleged violation of agreements, prosecution claims and other cases totaling Baht 304 million (2016: Baht 216 million). Presently, the cases are being considered by the court. However, the Group has set aside provision of Baht 71 million (2016: Baht 119 million) for liabilities that may arise as a result of these cases, based on the opinion of their management and legal department.

35 Events after the reporting period

At the Board of Directors' meeting held on 19 February 2018, the Board passed a resolution for the following topic;

- (a) Approval of dividend payment for 2017 at the rate of Baht 2.09 per share, of which Baht 1.37 per share was paid as an interim dividend. Therefore, the remaining dividend to be paid for the year 2017 is Baht 0.72 per share. In order that those topics depend on the resolution of Annual General Meeting of the Shareholders of the Company on 27 April 2018.
- (b) Approval of the issue of a financial debt instrument as appropriate within the credit line of Baht 20,000 million with a contractual maturity within 7 years by allotment to investors in accordance with the rules announced by the Thai Securities and Exchange Commission.