

Peace & Living Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2021

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Peace & Living Company Limited

I have reviewed the accompanying statement of financial position of Peace & Living Company Limited as at 31 March 2021, and the related statements of comprehensive income, changes in shareholder's equity, and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, *Interim Financial Reporting*.



Siraporn Ouuanunkun
Certified Public Accountant (Thailand) No. 3844

EY Office Limited
Bangkok: 13 May 2021

Peace & Living Company Limited

Statement of financial position

As at 31 March 2021

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		38,520	6,892
Restricted bank deposit	3	2,637	2,372
Other receivables		176	198
Property development costs for sales	4	1,807,580	1,839,528
Deposits for construction materials		2,984	2,658
Deposits for land purchase		13,250	5,700
Other current assets		3,220	2,535
Total current assets		<u>1,868,367</u>	<u>1,859,883</u>
Non-current assets			
Building and equipment	5	13,006	8,787
Intangible assets		2,723	2,653
Deferred tax assets		9,835	9,826
Other non-current assets		211	228
Total non-current assets		<u>25,775</u>	<u>21,494</u>
Total assets		<u><u>1,894,142</u></u>	<u><u>1,881,377</u></u>

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

Peace & Living Company Limited

Statement of financial position (continued)

As at 31 March 2021

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	6	61,681	65,549
Current portion of long-term loans from financial institutions	7	296,683	326,068
Current portion of lease liabilities	8	2,179	805
Retention guarantees		12,928	12,551
Deposits and advances received from customers		30,035	28,924
Income tax payable		25,256	18,004
Total current liabilities		<u>428,762</u>	<u>451,901</u>
Non-current liabilities			
Long-term loans from financial institutions - net of current portion	7	11,000	17,361
Lease liabilities - net of current portion	8	4,501	1,339
Provision for long-term employee benefits		17,493	16,849
Total non-current liabilities		<u>32,994</u>	<u>35,549</u>
Total liabilities		<u>461,756</u>	<u>487,450</u>

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

Peace & Living Company Limited

Statement of financial position (continued)

As at 31 March 2021

(Unit: Thousand Baht)

	<u>31 March 2021</u>	<u>31 December 2020</u>
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
33,600,000 ordinary shares of Baht 10 each	<u>336,000</u>	<u>336,000</u>
Issued and fully paid up		
33,600,000 ordinary shares of Baht 10 each	336,000	336,000
Capital reserve for share-based payments	12,910	12,910
Retained earnings		
Appropriated - statutory reserve	16,210	16,210
Unappropriated	<u>1,067,266</u>	<u>1,028,807</u>
Total shareholders' equity	<u>1,432,386</u>	<u>1,393,927</u>
Total liabilities and shareholders' equity	<u>1,894,142</u>	<u>1,881,377</u>

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

Directors

Statement of comprehensive income

For the three-month periods ended 31 March 2021

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Profit or loss:			
Revenues			
Revenue from sales of real estate		215,598	166,871
Other income		700	349
Total revenues		<u>216,298</u>	<u>167,220</u>
Expenses			
Cost of real estate sold		130,879	100,874
Selling expenses		12,826	11,836
Administrative expenses		22,591	24,178
Total expenses		<u>166,296</u>	<u>136,888</u>
Operating profit		50,002	30,332
Finance cost		(1,928)	(3,328)
Profit before income tax expenses		48,074	27,004
Income tax expenses	9	(9,615)	(5,310)
Profit for the period		<u>38,459</u>	<u>21,694</u>
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u><u>38,459</u></u>	<u><u>21,694</u></u>
Earnings per share	10		
Basic earnings per share			
Profit for the period		<u>1.14</u>	<u>0.65</u>

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

Peace & Living Company Limited

(Unaudited but reviewed)

Statement of changes in shareholders' equity

For the three-month periods ended 31 March 2021

(Unit: Thousand Baht)

	Issued and fully paid-up share capital	Capital reserve for share-based payments	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2020	336,000	12,910	14,000	911,015	1,273,925
Total comprehensive income for the period	-	-	-	21,694	21,694
Balance as at 31 March 2020	<u>336,000</u>	<u>12,910</u>	<u>14,000</u>	<u>932,709</u>	<u>1,295,619</u>
Balance as at 1 January 2021	336,000	12,910	16,210	1,028,807	1,393,927
Total comprehensive income for the period	-	-	-	38,459	38,459
Balance as at 31 March 2021	<u>336,000</u>	<u>12,910</u>	<u>16,210</u>	<u>1,067,266</u>	<u>1,432,386</u>

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

Cash flow statement

For the three-month periods ended 31 March 2021

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Profit before tax	48,074	27,004
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	1,185	1,344
Gain on sales of equipment	(320)	(28)
Provision for long-term employee benefits	644	628
Interest income	-	(16)
Finance cost	1,928	3,328
Profit from operating activities before changes in operating assets and liabilities	<u>51,511</u>	<u>32,260</u>
Operating assets (increase) decrease		
Other receivables	22	(20)
Property development costs for sales	33,698	6,398
Deposits for construction materials	(326)	(476)
Deposits for land purchase	(7,550)	-
Other current assets	(685)	(1,016)
Other non-current assets	17	67
Operating liabilities increase (decrease)		
Trade and other payables	(4,055)	(3,619)
Retention guarantees	377	619
Deposits and advances received from customers	1,111	882
Cash flows from operating activities	<u>74,120</u>	<u>35,095</u>
Corporate income tax paid	(2,372)	(1,847)
Net cash flows from operating activities	<u>71,748</u>	<u>33,248</u>

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

Cash flow statement (continued)

For the three-month periods ended 31 March 2021

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Cash flows from investing activities		
Increase in restricted bank deposits	(265)	-
Acquisition of equipment	(233)	(36)
Acquisition of intangible assets	-	(6)
Proceeds from sales of equipment	320	28
Interest received	-	16
Net cash flows from (used in) investing activities	<u>(178)</u>	<u>2</u>
Cash flows from financing activities		
Decrease in bank overdrafts	-	(58)
Cash receipt from long-term loans from financial institutions	69,000	149,912
Repayment of long-term loans from financial institutions	(104,911)	(151,004)
Payment of principal portion of lease liabilities	(517)	(469)
Interest paid and front-end fee paid	(3,514)	(8,399)
Net cash flows used in financing activities	<u>(39,942)</u>	<u>(10,018)</u>
Net increase in cash and cash equivalents	31,628	23,232
Cash and cash equivalents at beginning of period	<u>6,892</u>	<u>33,967</u>
Cash and cash equivalents at end of period	<u><u>38,520</u></u>	<u><u>57,199</u></u>

Supplemental cash flow information:

Non-cash transaction:

Right-of-use assets and lease liabilities increased during the period	5,053	1,570
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The accompanying notes are an integral part of the interim financial statements.

Peace & Living Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2021

1. General information

1.1 General information of the Company

Peace & Living Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. The Company is principally engaged in the property development for sales. The registered office of the Company is at 231/4 Soi Ekamai 7, Sukhumvit 63 Road, Klongton Nua, Wattana, Bangkok.

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.3 Basis of the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity and cash flow in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.4 New financial reporting standards

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

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met.

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

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2020.

2. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended 31 March		Transfer pricing policy
	<u>2021</u>	<u>2020</u>	
<u>Transaction with related company</u>			
Purchases of materials used for property	467	815	With reference to market prices
<u>Transaction with related person</u>			
Rental expense	400	375	Contract price

(Unaudited but reviewed)

As at 31 March 2021 and 31 December 2020, the outstanding balances of the accounts between the Company and those related companies were as follows:

	31 March 2021	(Unit: Thousand Baht) 31 December 2020 (Audited)
Trade payables - related company (Note 6)	467	729
Lease liabilities - related person	4,921	249

Directors and management's benefits

During the three-month periods ended 31 March 2021 and 2020, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht) For the three-month periods ended 31 March	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	6,506	7,465
Post-employment benefits	315	277
Total	<u>6,821</u>	<u>7,742</u>

3. Restricted bank deposit

Restricted bank deposit is fixed deposit which the Company has pledged to secure a letter of guarantee for utility maintenance of property development issued by a bank on behalf of the Company. The Company intends to redeem within 1 year.

4. Property development costs for sales

Movements of property development costs for sales account during the three-month period ended 31 March 2021 were summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2021	1,839,528
Increase in land costs and development costs	15,248
Increase in construction costs	81,933
Increase in capitalised borrowing costs	1,750
Cost of real estate sold for the period	(130,879)
Balance as at 31 March 2021	<u>1,807,580</u>

During the three-month period ended 31 March 2021, the Company included borrowing costs amounting to Baht 1.75 million (2020: Baht 5.46 million) in property development costs for sales. These amounts were determined by applying a capitalisation rate of 3.93 percent per annum (2020: 4.75 percent per annum), which is the weighted average of the financial charges on all borrowings during the period.

The Company has mortgaged its project land and construction thereon with banks as collateral for bank overdrafts, loans from financial institutions, and issuance of bank guarantee.

5. Building and equipment

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
		(Audited)
Net book value:		
Building and equipment	6,381	6,692
Right-of-use assets (Note 8)	6,625	2,095
Total	<u>13,006</u>	<u>8,787</u>

Movements of the building and equipment account during the three-month period ended 31 March 2021 were summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2021	6,692
Acquisitions during the period	250
Depreciation for the period	(561)
Net book value as at 31 March 2021	<u>6,381</u>

6. Trade and other payables

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
		(Audited)
Trade payables - unrelated companies	25,136	18,555
Trade payables - related company (Note 2)	467	729
Other payables	16,696	15,405
Revenue department payable	1,305	970
Accrued expenses	9,158	21,685
Accrued expenses for project	8,919	8,205
Total trade and other payables	<u>61,681</u>	<u>65,549</u>

7. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
		(Audited)
Long-term loans from financial institutions	309,090	345,001
Less: Deferred front-end fees	(1,407)	(1,572)
Long-term loans from financial institutions - net	307,683	343,429
Less: Current portion	(296,683)	(326,068)
Long-term loans from financial institutions - net of current portion	<u>11,000</u>	<u>17,361</u>

Movements of the long-term loans from financial institutions account during the three-month period ended 31 March 2021 were summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2021	343,429
Add: Additional borrowings	69,000
Less: Repayment	(104,911)
Add: Amortisation for front-end fees	165
Balance as at 31 March 2021	<u>307,683</u>

Long-term loans from financial institutions carry interest at the minimum loan rate (MLR) less percentages prescribed in the agreements and at fixed rates prescribed in the agreements. The conditions of the loans require monthly payment of interest and payment of principal at the higher of a percentage of the selling price and a minimum amount prescribed in the agreements, when the mortgages are released and/or land is redeemed and within the dates prescribed in the agreements.

The loans are secured by the mortgage of project land and construction thereon and the loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio at the rate prescribed in the agreements.

As at 31 March 2021, the long-term credit facilities from financial institutions of the Company which have not yet been drawn down amounted to Baht 877 million (31 December 2020: Baht 917 million).

8. Leases - as a lessee**8.1 Right-of-use assets**

Movement of the right-of-use assets account during the three-month period ended 31 March 2021 were summarised below:

	(Unit: Thousand Baht)
Net book value as at 1 January 2021	2,095
Additions during the period	5,053
Depreciation for the period	(523)
Net book value as at 31 March 2021	<u>6,625</u>

8.2 Lease liabilities

	(Unit: Thousand Baht)	
	<u>31 March 2021</u>	<u>31 December 2020</u>
		(Audited)
Lease payments	7,128	2,283
Less: Deferred interest expenses	(448)	(139)
Total	<u>6,680</u>	<u>2,144</u>
Less: Portion due within one year	(2,179)	(805)
Lease liabilities - net of current portion	<u>4,501</u>	<u>1,339</u>

9. Income tax

Income tax expenses for the three-month periods ended 31 March 2021 and 2020 were made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods	
	ended 31 March	
	<u>2021</u>	<u>2020</u>
Current income tax:		
Current income tax charge for the period	9,624	4,401
Deferred tax:		
Relating to origination and reversal of temporary differences	(9)	909
Income tax expenses reported in profit or loss	<u>9,615</u>	<u>5,310</u>

10. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

11. Segment information

The Company is principally engaged in the development properties for sales business. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

12. Commitments and contingent liabilities**12.1 Capital commitments**

As at 31 March 2021, the Company had capital commitments of approximately Baht 543 million (31 December 2020: Baht 411 million), relating to land purchase contracts and construction of property development.

12.2 Service commitments

As at 31 March 2021, the Company had service commitments of approximately Baht 18 million (31 December 2020: Baht 16 million), relating to a financial advisor contract, advertising expenses, etc.

12.3 Guarantees

As at 31 March 2021 and 31 December 2020, there were outstanding bank guarantees issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business as follows.

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
		(Audited)
Bank guarantee for utilities	127,411	129,728
Bank guarantee for trade payables	6,000	6,000
Total	133,411	135,728

The Company pledged some project land and construction thereon with a bank to secure the issuance of bank guarantees.

13. Financial instruments

Fair values of financial instruments

Since the majority of the Company's financial instruments are classified as short-term or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

14. Events after the reporting period

On 30 April 2021, the Annual General Meeting of the Company's shareholders approved the payment of a dividend at Baht 1.20 per share, a total of Baht 40.32 million, to the shareholders for the year 2020.

15. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2021.