

Notification of the Financial Statement 2023	Date :	May 10,2024
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**Quality Houses Public Company Limited
and its subsidiaries**

Independent Auditor's Report

To the Shareholders of Quality Houses Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Recognition of revenue from sales of real estate

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

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

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

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

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

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

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

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 27 February 2024

Quality Houses Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2023

(Unit: Baht)

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

Quality Houses Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

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

Quality Houses Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

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

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

Directors

Quality Houses Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

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