

Laguna Resorts & Hotels Public Company Limited  
and its subsidiaries  
Review report and interim consolidated financial statements  
For the three-month and six-month periods ended  
30 June 2016

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

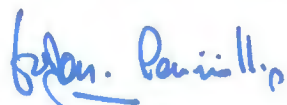
I have reviewed the accompanying consolidated statement of financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries as at 30 June 2016, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2016, and the related consolidated statements of the changes in shareholders' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Laguna Resorts & Hotels Public Company Limited for the same periods. 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*.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 10 August 2016

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Statement of financial position

As at 30 June 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	564,517	859,881	22,450	25,641
Current investment - short-term fixed deposit		12,821	10,720	-	-
Short-term restricted deposit at financial institution		28,516	75,930	-	-
Trade and other receivables	4	633,460	635,439	194,132	169,472
Inventories		128,193	129,485	-	-
Property development cost	6	3,541,293	3,787,142	131,559	185,502
Other current assets		213,026	200,791	32,832	25,906
<b>Total current assets</b>		<b>5,121,826</b>	<b>5,699,388</b>	<b>380,973</b>	<b>406,521</b>
<b>Non-current assets</b>					
Long-term restricted deposit at financial institution		41	41	-	-
Long-term fixed deposit		2,178	2,178	2,178	2,178
Long-term trade accounts receivable	7	429,937	457,995	-	-
Investments in subsidiaries	8	-	-	4,269,026	4,269,026
Investments in associates	9	332,050	383,087	-	-
Other long-term investments	10	1,205,650	1,132,189	599,285	525,824
Long-term loans to subsidiaries	5	-	-	1,240,801	1,142,801
Long-term loan to related company	5	2,211	-	-	-
Investment properties	11	1,120,858	1,120,761	198,217	198,210
Property, plant and equipment	12	10,632,653	10,687,451	50,420	48,931
Deferred tax assets		90,946	113,539	-	-
Goodwill		407,904	407,904	-	-
Leasehold rights		14,940	17,279	-	-
Other non-current assets		76,859	69,460	1,305	1,352
<b>Total non-current assets</b>		<b>14,316,227</b>	<b>14,391,884</b>	<b>6,361,232</b>	<b>6,188,322</b>
<b>Total assets</b>		<b>19,438,053</b>	<b>20,091,272</b>	<b>6,742,205</b>	<b>6,594,843</b>

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

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As at 30 June 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdraft and short-term loans					
from financial institutions	13	360,000	554,804	260,000	260,000
Trade and other payables	14	711,435	959,253	29,212	34,893
Current portion of long-term loans from financial institutions	16	486,860	469,750	-	35,000
Income tax payable		46,182	62,548	-	-
Advance received from customers		412,202	546,545	12,495	405
Other current liabilities	15	169,761	140,483	9,732	4,492
<b>Total current liabilities</b>		<b>2,186,440</b>	<b>2,733,383</b>	<b>311,439</b>	<b>334,790</b>
<b>Non-current liabilities</b>					
Long-term loans from subsidiaries	5	-	-	782,180	648,280
Long-term loans from financial institutions					
- net of current portion	16	2,577,321	2,819,389	-	-
Unsecured debenture	17	494,871	493,846	-	-
Provision for long-term employee benefits		62,734	63,605	15,427	15,353
Long-term provision - provision for legal case	26	40,353	40,133	-	-
Deferred tax liabilities		2,174,604	2,166,335	223,159	208,255
Other non-current liabilities		103,418	99,409	5,925	5,696
<b>Total non-current liabilities</b>		<b>5,453,301</b>	<b>5,682,717</b>	<b>1,026,691</b>	<b>877,584</b>
<b>Total liabilities</b>		<b>7,639,741</b>	<b>8,416,100</b>	<b>1,338,130</b>	<b>1,212,374</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
211,675,358 ordinary shares of Baht 10 each		2,116,754	2,116,754	2,116,754	2,116,754
Issued and fully paid-up					
166,682,701 ordinary shares of Baht 10 each		1,666,827	1,666,827	1,666,827	1,666,827
Share premium		2,062,461	2,062,461	2,062,461	2,062,461
Capital reserve		568,131	568,131	-	-
Retained earnings					
Appropriated - statutory reserve		211,675	211,675	211,675	211,675
Unappropriated		2,727,928	2,642,748	871,627	908,790
Other components of shareholders' equity		4,271,331	4,239,617	591,485	532,716
Equity attributable to owner of the Company		11,508,353	11,391,459	5,404,075	5,382,469
Equity attributable to non-controlling interests of the subsidiaries		289,959	283,713	-	-
<b>Total shareholders' equity</b>		<b>11,798,312</b>	<b>11,675,172</b>	<b>5,404,075</b>	<b>5,382,469</b>
<b>Total liabilities and shareholders' equity</b>		<b>19,438,053</b>	<b>20,091,272</b>	<b>6,742,205</b>	<b>6,594,843</b>

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

Directors

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Income statement

For the three-month period ended 30 June 2016

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenue</b>					
Revenue from hotel operations		680,401	604,564	6,812	4,778
Revenue from property development operations		374,305	191,424	89	242
Revenue from office rental operations		23,636	23,728	6,349	9,591
Interest income		11,482	4,835	18,944	9,404
Other income		24,242	29,496	30,579	35,727
<b>Total revenue</b>		<b>1,114,066</b>	<b>854,047</b>	<b>62,773</b>	<b>59,742</b>
<b>Expenses</b>					
Cost of hotel operations		447,594	420,957	5,207	6,359
Cost of property development operations		208,656	109,408	-	-
Cost of office rental operations		15,297	8,811	1,726	1,782
Selling expenses		86,214	78,241	104	200
Administrative expenses		338,137	302,932	40,406	41,816
<b>Total expenses</b>		<b>1,095,898</b>	<b>920,349</b>	<b>47,443</b>	<b>50,157</b>
<b>Profit (loss) before share of loss from investment</b>					
<b>in associate, finance cost and income tax expenses</b>		<b>18,168</b>	<b>(66,302)</b>	<b>15,330</b>	<b>9,585</b>
Share of loss from investment in associate	9	(14,659)	(19,347)	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>3,509</b>	<b>(85,649)</b>	<b>15,330</b>	<b>9,585</b>
Finance cost		(48,283)	(40,636)	(15,439)	(5,223)
<b>Profit (loss) before income tax expenses</b>		<b>(44,774)</b>	<b>(126,285)</b>	<b>(109)</b>	<b>4,362</b>
Income tax expenses	18	(5,151)	6,208	4,371	4,142
<b>Profit (loss) for the period</b>		<b>(49,925)</b>	<b>(120,077)</b>	<b>4,262</b>	<b>8,504</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(48,819)	(121,329)	4,262	8,504
Non-controlling interests of the subsidiaries		(1,106)	1,252		
		<b>(49,925)</b>	<b>(120,077)</b>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	19	(0.29)	(0.73)	0.03	0.05

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Profit (loss) for the period</b>	<u>(49,925)</u>	<u>(120,077)</u>	<u>4,262</u>	<u>8,504</u>
<b>Other comprehensive income (loss):</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	(2,141)	3,710	-	-
Unrealised gain (loss) on available-for-sales security, net of income tax	21,652	(10,221)	21,652	(10,221)
Share of other comprehensive income (loss) of associate	(16,125)	14,058	-	-
<b>Other comprehensive income (loss) for the period</b>	<u>3,386</u>	<u>7,547</u>	<u>21,652</u>	<u>(10,221)</u>
<b>Total comprehensive income (loss) for the period</b>	<u>(46,539)</u>	<u>(112,530)</u>	<u>25,914</u>	<u>(1,717)</u>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company	(45,347)	(115,660)	25,914	(1,717)
Non-controlling interests of the subsidiaries	(1,192)	3,130		
	<u>(46,539)</u>	<u>(112,530)</u>		

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

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Income statement

For the six-month period ended 30 June 2016

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenue</b>					
Revenue from hotel operations		1,859,416	1,654,611	23,759	23,336
Revenue from property development operations		811,612	376,244	99,350	328
Revenue from office rental operations		44,974	45,911	12,949	19,433
Interest income		22,820	9,273	37,912	36,412
Other income		27,446	72,038	40,528	45,091
<b>Total revenue</b>		<b>2,766,268</b>	<b>2,158,077</b>	<b>214,498</b>	<b>124,600</b>
<b>Expenses</b>					
Cost of hotel operations		1,012,205	942,445	18,043	16,108
Cost of property development operations		509,473	214,037	53,943	-
Cost of office rental operations		27,759	22,743	3,451	3,618
Selling expenses		175,867	173,077	2,904	387
Administrative expenses		694,832	688,068	82,518	88,197
<b>Total expenses</b>		<b>2,420,136</b>	<b>2,040,370</b>	<b>160,859</b>	<b>108,310</b>
<b>Profit before share of loss from investment</b>					
in associate, finance cost and income tax expenses		346,132	117,707	53,639	16,290
Share of loss from investment in associate	9	(30,447)	(22,244)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>315,685</b>	<b>95,463</b>	<b>53,639</b>	<b>16,290</b>
Finance cost		(99,479)	(80,872)	(30,585)	(17,581)
<b>Profit (loss) before income tax expenses</b>		<b>216,206</b>	<b>14,591</b>	<b>23,054</b>	<b>(1,291)</b>
Income tax expenses	18	(69,555)	(35,889)	(212)	4,922
<b>Profit (loss) for the period</b>		<b>146,651</b>	<b>(21,298)</b>	<b>22,842</b>	<b>3,631</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		140,894	(20,156)	22,842	3,631
Non-controlling interests of the subsidiaries		5,757	(1,142)		
		<b>146,651</b>	<b>(21,298)</b>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	19	0.85	(0.12)	0.14	0.02

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Profit (loss) for the period</b>	<u>146,651</u>	<u>(21,298)</u>	<u>22,842</u>	<u>3,631</u>
<b>Other comprehensive income (loss):</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(1,685)	4,091	-	-
Unrealised gain on available-for-sales security, net of income tax	58,769	43,436	58,769	43,436
Share of other comprehensive income (loss) of associate	(20,590)	11,370	-	-
<b>Other comprehensive income (loss) for the period</b>	<u>36,494</u>	<u>58,897</u>	<u>58,769</u>	<u>43,436</u>
<b>Total comprehensive income (loss) for the period</b>	<u>183,145</u>	<u>37,599</u>	<u>81,611</u>	<u>47,067</u>
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company	176,899	38,559	<u>81,611</u>	<u>47,067</u>
Non-controlling interests of the subsidiaries	6,246	(960)		
	<u>183,145</u>	<u>37,599</u>		

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



Laguna Resorts & Hotels Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

	Consolidated financial statements												
	Equity attributable to the owners of the Company												
	Other components of shareholders' equity												
	Issued and fully paid-up share capital	Share premium	Capital reserve	Appropriated - statutory reserve	Unappropriated	Retained earnings	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Share of other comprehensive income (loss) of associate	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries
Balance as at 1 January 2015	1,666,827	2,062,461	568,131	211,675	2,482,806	17,219	3,935,218	54,239	127,424	4,134,100	11,126,000	281,631	11,407,631
Loss for the period	-	-	-	-	(20,156)	-	-	-	-	-	(20,156)	(1,142)	(21,298)
Other comprehensive income (loss) for the period	-	-	-	-	-	3,909	-	43,436	11,370	58,715	58,715	182	58,897
Total comprehensive income (loss) for the period	-	-	-	-	(20,156)	3,909	-	43,436	11,370	58,715	58,559	(960)	37,599
Dividend paid (Note 20)	-	-	-	-	(20,835)	-	-	-	-	-	(20,835)	-	(20,835)
Balance as at 30 June 2015	1,666,827	2,062,461	568,131	211,675	2,441,815	21,128	3,935,218	97,675	138,794	4,192,815	11,143,724	280,671	11,424,395
Balance as at 1 January 2016	1,666,827	2,062,461	568,131	211,675	2,642,748	18,855	3,921,717	152,958	146,087	4,239,617	11,391,459	283,713	11,675,172
Profit for the period	-	-	-	-	140,894	-	-	-	-	-	140,894	5,757	146,651
Other comprehensive income (loss) for the period	-	-	-	-	-	(2,174)	-	58,769	(20,590)	36,005	36,005	489	36,494
Total comprehensive income (loss) for the period	-	-	-	-	140,894	(2,174)	-	58,769	(20,590)	36,005	176,899	6,246	183,145
Dividend paid (Note 20)	-	-	-	-	(60,005)	-	-	-	-	-	(60,005)	-	(60,005)
Reversal of revaluation surplus on disposal of assets	-	-	-	-	4,291	-	(4,291)	-	-	(4,291)	-	-	-
Balance as at 30 June 2016	1,666,827	2,062,461	568,131	211,675	2,727,928	16,681	3,917,426	211,727	125,497	4,271,331	11,508,353	289,959	11,798,312

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total other components of shareholders' equity	Total shareholders' equity	
			Appropriated - Statutory reserve	Unappropriated	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Unrealised gain on available-for-sales security			
<b>Balance as at 1 January 2015</b>	1,666,827	2,062,461	211,675	957,046	136,986	297,011	433,997	5,332,006		
Profit for the period	-	-	-	3,631	-	-	-	3,631		
Other comprehensive income (loss) for the period	-	-	-	-	-	43,436	43,436	43,436		
Total comprehensive income (loss) for the period	-	-	-	3,631	-	43,436	43,436	47,067		
Dividend paid (Note 20)	-	-	-	(20,835)	-	-	-	(20,835)		
<b>Balance as at 30 June 2015</b>	1,666,827	2,062,461	211,675	939,842	136,986	340,447	477,433	5,358,238		
<b>Balance as at 1 January 2016</b>	1,666,827	2,062,461	211,675	908,790	136,986	395,730	532,716	5,382,469		
Profit for the period	-	-	-	22,842	-	-	-	22,842		
Other comprehensive income (loss) for the period	-	-	-	-	-	58,769	58,769	58,769		
Total comprehensive income (loss) for the period	-	-	-	22,842	-	58,769	58,769	81,611		
Dividend paid (Note 20)	-	-	-	(60,005)	-	-	-	(60,005)		
<b>Balance as at 30 June 2016</b>	1,666,827	2,062,461	211,675	871,627	136,986	454,499	591,485	5,404,075		

The accompanying notes are an integral part of the financial statements

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Cash flow statement

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	216,206	14,591	23,054	(1,291)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	165,542	155,117	2,652	2,272
Amortisation of leasehold rights	2,675	1,272	-	-
Amortisation of transaction costs related to debenture issuance	1,025	-	-	-
Allowance for doubtful accounts (reversal)	2,443	13,853	(1,117)	-
Reduction of inventory to net realisable value	267	61	-	-
Share of loss from investments in associate	30,447	22,244	-	-
Loss on sale of property, plant and equipment	131	79	3	-
Write off property, plant and equipment	100	373	-	-
Dividend income from other long-term investment	(20,878)	(25,551)	(20,878)	(25,551)
Provision for long-term employee benefits	2,665	4,004	324	480
Unrealised gain on exchange rate	(6)	-	-	-
Provision for loss on compensation claim	220	1,256	-	-
Forfeited money from property units	-	(13,494)	-	-
Interest income	(22,820)	(9,273)	(37,912)	(36,412)
Interest expenses	99,479	80,872	30,585	17,581
Profit (loss) from operating activities before changes in operating assets and liabilities	477,496	245,404	(3,289)	(42,921)
Operating assets (increase) decrease				
Trade and other receivables	(434)	106,537	(22,695)	(477)
Inventories	1,025	(128)	-	-
Property development cost	284,237	(614,275)	53,943	-
Other current assets	(5,808)	(25,311)	(5,648)	(2,780)
Long-term trade accounts receivable	28,058	(522)	-	-
Other non-current assets	(7,400)	(3,995)	47	(85)
Operating liabilities increase (decrease)				
Trade and other payables	(247,352)	(72,226)	(6,962)	21,300
Advance received from customers	(134,343)	200,955	12,090	(333)
Other current liabilities	29,274	(386)	5,240	(748)
Provision for long-term employee benefits	(3,536)	(3,675)	(250)	(1,342)
Other non-current liabilities	4,009	10,144	229	(185)
Cash flows from (used in) operating activities	425,226	(157,478)	32,705	(27,571)
Cash received for interest income	22,791	9,208	37,064	45,724
Cash paid for interest expenses	(106,124)	(77,880)	(29,303)	(20,232)
Cash paid for income tax	(76,261)	(40,678)	(1,279)	(2,792)
<b>Net cash flows from (used in) operating activities</b>	<b>265,632</b>	<b>(266,828)</b>	<b>39,187</b>	<b>(4,871)</b>

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

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Cash flow statement (continued)

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Decrease in short-term restricted deposit at financial institution	47,414	-	-	-
Increase in current investment - short-term fixed deposit	(2,101)	(73)	-	-
Cash paid for purchase of long-term investment in subsidiaries	-	-	-	(790,001)
Cash received from long-term loans to subsidiaries	-	-	219,600	2,734,000
Cash paid for long-term loans to subsidiaries	-	-	(317,600)	(1,259,300)
Cash paid for long-term loan to related company	(2,205)	-	-	-
Cash paid for acquisition of investment properties	(97)	-	(7)	-
Cash received from sales of property, plant and equipment	85	159	2	-
Cash paid for acquisition of property, plant and equipment	(142,931)	(155,623)	(4,146)	(3,871)
Dividend received from other long-term investment	20,878	25,551	20,878	25,551
<b>Net cash flows from (used in) investing activities</b>	<b>(78,957)</b>	<b>(129,986)</b>	<b>(81,273)</b>	<b>706,379</b>
<b>Cash flows from financing activities</b>				
Payment of dividends	(60,005)	(20,835)	(60,005)	(20,835)
Increase (decrease) in bank overdraft and short-term loans				
from financial institutions	(194,804)	165,000	-	50,000
Draw down of long-term loans from subsidiaries	-	-	325,000	291,000
Repayment of long-term loans from subsidiaries	-	-	(191,100)	(985,250)
Draw down of long-term loans from financial institutions	68,000	385,000	-	-
Repayment of long-term loans from financial institutions	(292,958)	(266,750)	(35,000)	(35,000)
<b>Net cash flows from (used in) financing activities</b>	<b>(479,767)</b>	<b>262,415</b>	<b>38,895</b>	<b>(700,085)</b>
Net exchange differences on translation of financial statements in foreign currency	(2,272)	3,731	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(295,364)</b>	<b>(130,668)</b>	<b>(3,191)</b>	<b>1,423</b>
Cash and cash equivalents at beginning of period	859,881	444,633	25,641	17,675
<b>Cash and cash equivalents at end of period</b>	<b>564,517</b>	<b>313,965</b>	<b>22,450</b>	<b>19,098</b>

**Supplemental cash flows information**

## Non-cash items

Share of other comprehensive income (loss) of associate	(20,590)	11,370	-	-
Transferred property, plant and equipment to property development cost	31,198	-	-	-
Transferred property development cost to property, plant and equipment	-	11,683	-	-
Reversal of revaluation surplus on disposal of assets	4,291	-	-	-
Interest recorded as property development cost	7,190	-	-	-

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

## **Laguna Resorts & Hotels Public Company Limited and its subsidiaries**

### **Notes to interim financial statements**

**For the six-month period ended 30 June 2016**

#### **1. General information**

##### **1.1 Corporate information**

Laguna Resorts & Hotels Public Company Limited ("the Company", "LRH") is a public company incorporated and domiciled in Thailand. Its major shareholder is Banyan Tree Holdings Limited, which was incorporated in Singapore.

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are four hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Outrigger Laguna Phuket Resort and Villas and Cassia Phuket, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating a golf club (Laguna Phuket Golf Club), sales of merchandise (Banyan Tree Gallery), office and shop rental and sale of holiday club memberships.

The registered office of the Company is at 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7<sup>th</sup>, 22<sup>nd</sup> and 24<sup>th</sup> Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

##### **1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) "*Interim Financial Reporting*", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statements, comprehensive income, changes in shareholders' equity, and cash flows 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.

(Unaudited but reviewed)

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 financial statements.

### 1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015. There have been no changes in the composition of the subsidiaries during the current period.

### 1.4 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

## 2. 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 2015.

## 3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Cash	4,619	7,831	145	143
Bank deposits	559,898	852,050	22,305	25,498
Total	564,517	859,881	22,450	25,641

(Unaudited but reviewed)

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	226,102	302,851	5,909	6,172
Less: Allowance for doubtful accounts	(37,518)	(37,578)	(312)	(1,429)
Trade accounts receivable - hotel operations, net	188,584	265,273	5,597	4,743
Trade accounts receivable - sales of property				
- Installments due	69,339	81,076	1,515	3,760
Current portion of long-term trade				
accounts receivable (Note 7)	197,408	161,122	1,070	-
Trade accounts receivable - sales of property, net	266,747	242,198	2,585	3,760
Trade accounts receivable - sales of holiday club				
memberships - Installments due	52,562	10,323	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	8,250	13,716	-	-
Trade accounts receivable - sales of holiday club				
memberships, net	60,812	24,039	-	-
Trade accounts receivable - net	516,143	531,510	8,182	8,503
<u>Other receivables</u>				
Amounts due from related parties (Note 5)	43,528	45,930	154,211	144,124
Other receivables	41,541	33,582	1,411	3,904
Insurance claim receivable	10	8,071	-	-
Accrued other income	2,099	3,603	238	233
Interest receivable	70	41	21	6
Accrued rental income	30,069	12,702	30,069	12,702
Total other receivables	117,317	103,929	185,950	160,969
Trade and other receivables, net	633,460	635,439	194,132	169,472

(Unaudited but reviewed)

The balances of trade accounts receivable - hotel operations, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b><u>Age of receivables</u></b>				
Not yet due	54,753	121,415	942	329
Past due				
Up to 30 days	56,974	75,418	1,890	486
31 - 60 days	12,312	14,646	301	440
61 - 90 days	7,781	5,473	322	413
91 - 120 days	14,380	7,691	2,454	4,504
Over 120 days	79,902	78,208	-	-
Total	226,102	302,851	5,909	6,172
Less: Allowance for doubtful debts	(37,518)	(37,578)	(312)	(1,429)
Trade accounts receivable - hotel operations, net	<u>188,584</u>	<u>265,273</u>	<u>5,597</u>	<u>4,743</u>

The balances of installments due of trade accounts receivable - sales of property operations, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b><u>Age of receivables</u></b>				
Not yet due	64,944	65,088	1,515	3,760
Past due				
Up to 30 days	1,979	6,277	-	-
31 - 60 days	295	5,310	-	-
61 - 90 days	317	3,122	-	-
91 - 120 days	295	515	-	-
Over 120 days	1,509	764	-	-
Trade accounts receivable - sales of property - installment due, net	<u>69,339</u>	<u>81,076</u>	<u>1,515</u>	<u>3,760</u>



(Unaudited but reviewed)

The balances of installments due of trade accounts receivable - holiday club memberships, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<b><u>Age of receivables</u></b>				
Not yet due	6,351	662	-	-
Past due				
Up to 30 days	8,823	2,253	-	-
31 - 60 days	11,120	780	-	-
61 - 90 days	6,783	550	-	-
91 - 120 days	110	300	-	-
Over 120 days	19,375	5,778	-	-
Trade accounts receivable - sales of holiday club membership - installment due, net	52,562	10,323	-	-

## 5. Related party transactions

During the period, the Company and its subsidiaries 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 agreed upon basis between the Company, its subsidiaries and related parties.

(Unit: Million Baht)

	For the three-month period ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	2016	2015	2016	2015	
<b><u>Transactions with subsidiaries</u></b> (eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	-	1 (3) agreed basis	
Guarantee fee expenses	-	-	-	1 (3) agreed basis	
Interest income	-	-	19	9 (5) agreement	
Interest expenses	-	-	13	- (5) agreement	
Management fee income	-	-	9	9 (4), (7) agreement	
Reimbursement receipts	-	-	1	3 (11) agreed basis	
Reimbursement payments	-	-	2	3 (11) agreed basis	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month period ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Rental and service income	-	-	2	3	(12)(iii) agreement
Rental and service expenses	-	-	1	1	(12)(iv), (v) agreement
Resort service expenses	-	-	3	2	(14) agreed basis
<u>Transactions with associates</u>					
Inter resort receipts	-	1	-	-	(1) agreed basis
Reimbursement payments	-	1	-	-	(11) agreed basis
Sale of goods	-	2	-	-	(9) agreed basis
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	19	16	-	-	(1) agreed basis
Management fee income	1	-	-	-	(16), (17) agreement
Management fee expenses	54	43	-	-	(6), (15) agreement
Purchase of spa & gallery vouchers	2	1	1	-	(2), (8) agreed basis
Sale of goods	4	10	-	-	(9) agreed basis
Reimbursement receipts	25	18	1	2	(11) agreed basis
Reimbursement payments	12	14	1	3	(11) agreed basis
Rental and service income	10	8	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	-	1	-	-	(13) agreement
Resort service income	2	2	-	-	(14) agreed basis
Training charges	4	7	-	1	(10) agreed basis

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	-	1	(3) agreed basis
Guarantee fee expenses	-	-	-	2	(3) agreed basis
Interest income	-	-	38	36	(5) agreement
Interest expenses	-	-	26	8	(5) agreement
Management fee income	-	-	18	17	(4), (7) agreement
Reimbursement receipts	-	-	2	5	(11) agreed basis
Reimbursement payments	-	-	5	6	(11) agreed basis
Rental and service income	-	-	4	6	(12)(iii) agreement

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Rental and service expenses	-	-	3	3	(12)(iv), (v) agreement
Resort service expenses	-	-	4	6	(14) agreed basis
<u>Transactions with associates</u>					
Inter resort receipts	-	1	-	-	(1) agreed basis
Reimbursement payments	1	1	-	-	(11) agreed basis
Sale of goods	-	2	-	-	(9) agreed basis
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	44	42	-	-	(1) agreed basis
Management fee income	1	1	-	-	(16), (17) agreement
Management fee expenses	155	132	-	-	(6), (15) agreement
Purchase of spa & gallery vouchers	7	8	2	2	(2), (8) agreed basis
Sale of goods	11	23	-	-	(9) agreed basis
Reimbursement receipts	48	36	2	2	(11) agreed basis
Reimbursement payments	23	28	3	6	(11) agreed basis
Rental and service income	22	17	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	4	2	-	-	(13) agreement
Resort service income	4	4	-	-	(14) agreed basis
Training charges	6	8	-	1	(10) agreed basis

The nature, pricing policy and agreements relating to the above transactions are summarised below:

- (1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel in which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort. On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and credit card commission is charged ranging from 2% to 5% of the revenue based on the commission rate charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok and Banyan Tree Lijiang primarily for treatments at the spa and goods purchased at the shops.
- (2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 20% to 60% discount to the Spa price list. The Gallery vouchers are priced at 20% to 40% discount to the face value of the voucher.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charge by the working hours and project management service is charged as Note (7).
- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 21 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

(Unaudited but reviewed)

Royalty fee paid for the use of "Banyan Tree", "Angsana" and "Cassia" trademarks and all other proprietary rights associated with it.

- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited) and Cassia Phuket (Phuket Resort Development Limited) pay a royalty fee of 2% of total revenue.
- (ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.
- (iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte. Ltd. pay a royalty fee of 1% of total revenue.

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of the Banyan Tree Phuket pay a technical fee of 7.5% of gross operating profit.
- (v) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit. Cassia Phuket pay a hotel management fee of 7.5% of gross operating profit.
- (vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana and/or Cassia corporate head office shall be charged as follows:
  - Group marketing services shared on a group basis are based on 3% of total actual hotel revenue.
  - Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

All management fees are consistent with industry practice and the sharing of group marketing costs incurred by Banyan Tree Phuket, Banyan Tree Bangkok, Angsana Laguna Phuket and Cassia Phuket are the reimbursement of costs benefiting each of the hotels. As a result, these transactions are on normal commercial terms and conditions.

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.

- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
- (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 20% to 35% discount to the retail price depending on the volume purchased.
  - (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 35% margin.
- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).
- (i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

<u>Payee</u>	<u>Payer</u>	<u>Rental Period</u>	<u>Expiry Date</u>
BGL	BTRS(T)	30 years	November 2041
LBTL	BTRS(T)	2 years	December 2017

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited

LBTL : Laguna Banyan Tree Limited

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,138 per square metre per month.
- (iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.
- (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.

- (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 117,325 and Baht 11,733 per rai per annum respectively.
- (vi) Service income from rental of Banyan Tree Management Academy is at Baht 128,750 per month.
- (vii) Rental of land on which Spa premises are located is on the basis of Baht 0.7 million per annum.
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.
- (14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:
- Water supply : at the determined price and actual usage
  - Laundry charge : at the price based on cost plus a certain margin
  - Common area services, transportation charges : based on actual cost
  - Staff buses : at the price based on cost plus a certain margin
  - Marketing fee : at the rate of 0.75% of the operations' actual revenue
  - Community service : based on actual cost
  - Other services : at the determined price and actual usage
- (15) This relates to architectural and interior design services which the fees are based on construction cost at progressive rates which depend on type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.
- (16) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources. The monthly fee is Baht 55,000.
- (17) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15% of gross operating profit.

(Unaudited but reviewed)

The Company has contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of its subsidiaries as follows:

(Unit: Million Baht)

	<u>30 June 2016</u>	<u>31 December 2015</u>
Overdrafts and bank guarantee facilities	106	106

Subsidiaries have contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of the Company and other subsidiaries as follows:

(Unit: Million Baht)

	<u>30 June 2016</u>	<u>31 December 2015</u>
Short-term loan facilities	170	170
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	30	30

As at 30 June 2016 and 31 December 2015, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	financial statements		financial statements	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	153,454	143,553
Associated companies	2,753	3,001	-	-
Related companies (related by common shareholders)	40,775	42,929	757	571
Total amounts due from related parties (Note 4)	<u>43,528</u>	<u>45,930</u>	<u>154,211</u>	<u>144,124</u>
<b>Amounts due to related parties</b>				
Subsidiaries	-	-	6,799	5,700
Associated companies	332	302	-	-
Related companies (related by common shareholders)	101,945	162,292	5,284	5,060
Total amounts due to related parties (Note 14)	<u>102,277</u>	<u>162,594</u>	<u>12,083</u>	<u>10,760</u>



(Unaudited but reviewed)

### Long-term loans to subsidiaries / related company and long-term loans from subsidiaries

As at 30 June 2016 and 31 December 2015, the balance of loans between the Company and those related companies and the movement are as follows:

#### Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			30 June 2016
	31 December 2015	Addition	Repayment	
Laguna Banyan Tree Limited	640,100	94,000	(57,000)	677,100
Laguna Holiday Club Limited	-	14,600	(2,600)	12,000
Laguna Lakes Limited	377,301	-	(40,000)	337,301
Laguna Grande Limited	125,400	209,000	(120,000)	214,400
Total	<u>1,142,801</u>	<u>317,600</u>	<u>(219,600)</u>	<u>1,240,801</u>

#### Long-term loan to related company

(Unit: Thousand Baht)

	Consolidated financial statements			30 June 2016
	31 December 2015	Addition	Unrealised gain on exchange rate	
PT Tropical Amethyst	-	2,205	6	2,211
Total	<u>-</u>	<u>2,205</u>	<u>6</u>	<u>2,211</u>

#### Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			30 June 2016
	31 December 2015	Addition	Repayment	
Laguna Holiday Club Limited	400	9,000	(9,400)	-
Laguna (3) Limited	6,700	2,000	(700)	8,000
TWR-Holdings Limited	641,180	314,000	(181,000)	774,180
Total	<u>648,280</u>	<u>325,000</u>	<u>(191,100)</u>	<u>782,180</u>

#### Directors and management's benefits

During the six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	50,540	51,820	34,038	29,408
Post-employment benefits	1,210	266	712	131
Other long-term employee benefits	22	18	14	8
Total	<u>51,772</u>	<u>52,104</u>	<u>34,764</u>	<u>29,547</u>

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 22 b).

## 6. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Property for sale under holiday club memberships	419,731	418,914	-	-
Completed buildings	541,953	702,359	11,156	64,749
Land	1,721,279	1,753,237	111,608	111,958
Leasehold land	-	3,000	-	-
Property under construction	858,330	909,632	8,795	8,795
Total	<u>3,541,293</u>	<u>3,787,142</u>	<u>131,559</u>	<u>185,502</u>

Subsidiaries have mortgaged property development cost amounting to Baht 1,015 million (31 December 2015: Baht 1,300 million) as collateral against its credit facilities received from financial institutions.

## 7. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 7.1 Installments receivable from property sales which bear interest at rates of 4% - 12% and MLR plus 0.5% per annum and installments are repaid over a period of 2 to 10 years.
- 7.2 Installments receivable from sales of holiday club memberships which bear interest at rates of 7.5% - 9% per annum and installments are repaid over a period of 2 to 5 years.

(Unaudited but reviewed)

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2016	31 December 2015
Current portion of long-term trade accounts receivable	205,658	174,838
Long-term trade accounts receivable	429,937	457,995
Total	<u>635,595</u>	<u>632,833</u>
Sales of property		
Within 1 year (Note 4)	197,408	161,122
Over 1 year to 5 years	427,084	454,644
Over 5 years	992	1,169
Long-term trade accounts receivable - sales of property	<u>625,484</u>	<u>616,935</u>
Sales of holiday club memberships		
Within 1 year (Note 4)	8,250	13,716
Over 1 year to 5 years	1,861	2,182
Long-term trade accounts receivable - sales of holiday club memberships	<u>10,111</u>	<u>15,898</u>
Total	<u>635,595</u>	<u>632,833</u>

(Unit: Thousand Baht)

	Separate financial statements	
	30 June 2016	31 December 2015
Current portion of long-term trade accounts receivable	1,070	-
Long-term trade accounts receivable	-	-
Total	<u>1,070</u>	<u>-</u>
Sales of property		
Within 1 year (Note 4)	1,070	-
Over 1 year to 5 years	-	-
Long-term trade accounts receivable - sales of property	<u>1,070</u>	<u>-</u>

## 8. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<b><u>Subsidiaries held by the Company</u></b>						
Banyan Tree Gallery (Singapore) Pte. Limited	SGD 0.43 Million	SGD 0.43 Million	51.0	51.0	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
Laguna Banyan Tree Limited <sup>(1)</sup>	1,500.0	1,500.0	100.0	100.0	1,325.1	1,325.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited	1,000.0	1,000.0	100.0	100.0	984.8	984.8
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9
Laguna Service Company Limited <sup>(2)</sup>	90.5	90.5	72.9	72.9	22.4	22.4
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8
TWR - Holdings Limited	1,550.0	1,550.0	100.0	100.0	1,550.0	1,550.0
<b><u>Subsidiaries held through TWR - Holdings Limited</u></b>						
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-
Pai Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-
Phuket Resort Development Limited	100.0	100.0	100.0	100.0	-	-
PT AVC Indonesia	USD 0.9 Million	USD 0.9 Million	100.0	100.0	-	-
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-
Twin Waters Development Company Limited	214.4	214.4	100.0	100.0	-	-
<b><u>Subsidiaries held through Laguna Grande Limited</u></b>						
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-
Bangtao Development Limited	80.0	80.0	100.0	100.0	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-
Laguna Central Limited	1.0	1.0	85.0	85.0	-	-
<b><u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u></b>						
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousand	USD 75 Thousand	51.0	51.0	-	-
<b><u>Subsidiary held through Laguna Holiday Club Limited</u></b>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
<b>Total investments in subsidiaries</b>					<b>4,269.0</b>	<b>4,269.0</b>

(1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through Bangtao Grande Limited

(2) Laguna Service Company Limited is held by the Company and 2 subsidiaries

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the profits of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

## 9. Investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amounts based on equity method			
			30 June	31 December	30 June	31 December	30 June	31 December		
			2016	2015	2016	2015	2016	2015		
			(%)	(%)						
Lijiang Banyan Tree Hotel Co. Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	332,050	383,087		
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-		
Less: Allowance for impairment of investment						(17,673)	(17,673)	-	-	
Total investments in associates - net						348,414	348,414	332,050	383,087	

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Share of loss from investments in associate				Share of other comprehensive income (loss) from investments in associate			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015	2016	2015	2016	2015
Lijiang Banyan Tree Hotel Co., Ltd.	(14,659)	(19,347)	(30,447)	(22,244)	(16,125)	14,058	(20,590)	11,370

## 10. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
<b>Investment in available-for-sale security</b>				
Thai Wah Public Company Limited	334,627	334,627	31,161	31,161
Unrealised gain on available-for-sale security	264,658	191,197	568,124	494,663
<b>Total investment in available-for-sale security - net</b>	<b>599,285</b>	<b>525,824</b>	<b>599,285</b>	<b>525,824</b>
<b>Investments in other companies</b>				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940	-	-
<b>Total investments in other companies</b>	<b>606,365</b>	<b>606,365</b>	<b>-</b>	<b>-</b>
<b>Total other long-term investments - net</b>	<b>1,205,650</b>	<b>1,132,189</b>	<b>599,285</b>	<b>525,824</b>

## 11. Investment properties

As at 30 June 2016, the subsidiaries have pledged investment properties amounting to approximately Baht 654 million (31 December 2015: Baht 653 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 26.

**12. Property, plant and equipment**

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>At cost / revaluation value</b>		
Balance as at 31 December 2015	14,792,750	124,655
Additions	142,931	4,146
Disposals and write off	(5,500)	(99)
Transfer to property development cost	(45,783)	-
Adjustments	(199)	-
Balance as at 30 June 2016	<u>14,884,199</u>	<u>128,702</u>
<b>Accumulated depreciation</b>		
Balance as at 31 December 2015	(4,093,613)	(75,724)
Depreciation charged for the period	(166,009)	(2,652)
Disposals and write off	5,184	94
Transfer to property development cost	14,585	-
Adjustments	(473)	-
Balance as at 30 June 2016	<u>(4,240,326)</u>	<u>(78,282)</u>
<b>Allowance for impairment loss</b>		
Balance as at 31 December 2015	(11,686)	-
Adjustments	466	-
Balance as at 30 June 2016	<u>(11,220)</u>	<u>-</u>
<b>Net book value</b>		
Balance as at 31 December 2015	<u>10,687,451</u>	<u>48,931</u>
Balance as at 30 June 2016	<u>10,632,653</u>	<u>50,420</u>

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 24 December 2013 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market Approach.
- Buildings were revalued using the Replacement Cost Approach.

The subsidiaries have mortgaged land and buildings at fair value of Baht 6,939 million (31 December 2015: Baht 5,523 million) as collateral against credit facilities received from financial institutions.

(Unaudited but reviewed)

### 13. Bank overdraft and short-term loans from financial institutions

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months. Bank overdraft and short-term loans from financial institutions carry interest rate of 3.63% per annum (31 December 2015: 3.65% to 7.37%).

These bank overdraft and short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of its subsidiaries, as described in Note 12 and by the guarantee provided by subsidiaries.

### 14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Trade accounts payable	255,134	412,166	773	5,703
Amounts due to related parties (Note 5)	102,277	162,594	12,083	10,760
Accrued expenses	154,534	152,078	9,749	10,924
Other payables	100,874	130,671	115	1,876
Service charge payable to hotel staff	15,177	32,150	-	-
Accrued rental to villa owners	83,439	69,594	6,492	5,630
Total	711,435	959,253	29,212	34,893

### 15. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Value added tax payable	42,109	52,821	3,906	2,854
Unearned income	50,198	43,006	-	-
Other tax payable	71,440	40,888	4,926	1,488
Short-term provision	6,014	3,768	900	150
Total	169,761	140,483	9,732	4,492

(Unaudited but reviewed)

## 16. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Secured	<u>3,064,181</u>	<u>3,289,139</u>	-	<u>35,000</u>
Long-term loans are repayable as follows:				
Within 1 year	486,860	469,750	-	35,000
Over 1 year to 5 years	1,966,250	1,965,860	-	-
Over 5 years	611,071	853,529	-	-
	<u>2,577,321</u>	<u>2,819,389</u>	-	-
Total	<u>3,064,181</u>	<u>3,289,139</u>	-	<u>35,000</u>

Movements in the long-term loans account during the six-month period ended 30 June 2016 are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 31 December 2015	3,289,139		35,000	
Add: Drawdown	68,000		-	
Less: Repayments	(292,958)		(35,000)	
Balance as at 30 June 2016	<u>3,064,181</u>		<u>-</u>	

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 6, 11 and 12. Certain loan is guaranteed by a subsidiary.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 30 June 2016, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 703 million (31 December 2015: Baht 771 million).



(Unaudited but reviewed)

## 17. Unsecured debenture

(Unit: Thousand Baht)

				Consolidated financial statements	
				30 June	31 December
Debenture	Interest rate	Terms	Due date	2016	2015
Debenture No. 1/2015	5.15% p.a.	3 years	24 December 2018	500,000	500,000
Total debenture, at face value				500,000	500,000
Less: Unamortised portion of deferred transaction costs				(5,129)	(6,154)
Total debenture				<u>494,871</u>	<u>493,846</u>

Under rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of a debt to equity ratio of consolidated financial statements at the rate prescribed in the prospectus.

## 18. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
<b>Current income tax:</b>				
Interim corporate income tax charge	14,765	13,214	-	-
Adjustment in respect of current income tax of previous year	(2,353)	3,050	-	-
Write off prepaid withholding tax	-	7,472	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(7,261)	(29,944)	(4,371)	(4,142)
<b>Income tax expense reported in the income statement</b>	<u>5,151</u>	<u>(6,208)</u>	<u>(4,371)</u>	<u>(4,142)</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Interim corporate income tax charge	55,119	48,758	-	-
Adjustment in respect of current income tax of previous year	(1,652)	3,490	-	-
Write off prepaid withholding tax	-	7,472	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	16,088	(23,831)	212	(4,922)
<b>Income tax expense reported in the income statement</b>	<b>69,555</b>	<b>35,889</b>	<b>212</b>	<b>(4,922)</b>

**19. Earnings per share**

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

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(48,819)	(121,329)	4,262	8,504
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.29)	(0.73)	0.03	0.05

(Unaudited but reviewed)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	140,894	(20,156)	22,842	3,631
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	0.85	(0.12)	0.14	0.02

## 20. Dividend

Dividend declared in six-month periods ended 30 June 2016 and 2015 consist of:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends on 2015 retained earnings	Annual General Meeting of the shareholders on 26 April 2016	60.01	0.36
Dividends on 2014 retained earnings	Annual General Meeting of the shareholders on 27 April 2015	20.84	0.125

## 21. Commitments

### Capital commitment

As at 30 June 2016, the Company and its subsidiaries have capital commitments as follows:

- The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 0.4 million (31 December 2015: Baht 10 million).
- The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 210 million (31 December 2015: Baht 262 million).

(Unaudited but reviewed)

- c) A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngan 39.6 square wah, with a third party. The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngan 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngan 36.2 square wah, by 1 July 2018. The subsidiary paid the deposit of Baht 65 million and the purchase price of the remaining land shall be increased at rate of 5% on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

### Operating agreements

As at 30 June 2016, the Company and its subsidiaries have operating agreements as follows:

- (a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotel business. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised below:

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2016 - 31.12.2025 (a)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025 (a)	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2021 (b)	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021 (b)	- Management fee: 10% of gross operating profit
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.5.2009 - 31.7.2016 (c)	- Basic management fee: 2% of total revenue for the first fiscal year, 2.5% of total revenue for the second fiscal year and 3% of total revenue for the remain fiscal years - Incentive fee: 7% of gross operating profit
Phuket Resort Development Limited	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Limited	20.10.2015 - 19.10.2040 (d)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040 (d)	- Management fee: 7.5% of gross operating profit

(a) Operator has option to extend for 1 additional period of 10 years.

(b) Operator has option to extend for 1 additional period of 20 years.

(c) The agreement was agreed to expire on 20 June 2016.

(d) Either party may extend the contract period for another 20 years with indefinite number of extension.

(Unaudited but reviewed)

- (b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The terms of the agreements are generally 6 years.

As at 30 June 2016 and 31 December 2015, future minimum payments required under these agreements were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2016	2015	2016	2015
Payable within:				
In up to 1 year	36	45	7	3
In over 1 and up to 5 years	52	71	19	6
In over 5 years	2	-	2	-

During the six-month period ended 30 June 2016, the Company and its subsidiaries recognised rental expenses of Baht 25 million (2015: Baht 62 million) (Separate financial statements: Baht 4 million, 2015: Baht 14 million).

#### Servitude over land

As at 30 June 2016, some subsidiaries have land servitude of approximately 10 rai (31 December 2015: 10 rai) at Phuket province, which are presented under property development cost and property, plant and equipment.

## **22. Guarantees**

- a) As at 30 June 2016, there are bank guarantees amounting to Baht 50 million (Separate financial statements: Baht 2 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (31 December 2015: Baht 47 million, Separate financial statements: Baht 2 million).
- b) As at 30 June 2016 and 31 December 2015 the Company has the provision of a guarantee for a loan obtained by Lijiang Banyan Tree Hotel Co., Ltd. (LBTH) by issuing the letter of indemnity to its parent company, Banyan Tree Holdings Limited. The provision of the guarantee is to secure the loan of LBTH in proportion to the equity interest of 49.04% of the Company in LBTH (through Laguna Banyan Tree Limited).

(Unaudited but reviewed)

## 23. Segment information

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the periods of three-month and six-month periods ended 30 June 2016 and 2015, respectively.

(Unit: Million Baht)

	For the three-month period ended 30 June 2016				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	734	375	29	-	1,138
Intersegment revenues	(54)	-	(5)	-	(59)
Revenue from external customers	<u>680</u>	<u>375</u>	<u>24</u>	<u>-</u>	<u>1,079</u>
Results:					
Segment results	<u>(75)</u>	<u>96</u>	<u>3</u>	<u>(41)</u>	<u>(17)</u>
Unallocated income					24
Profit from operations and other income					7
Interest income	1	10	-	1	12
Finance cost	(28)	(17)	-	(3)	(48)
Share of loss from investments in associate	(15)	-	-	-	(15)
Loss before income tax expenses					(44)
Income tax expenses	19	(31)	(1)	8	(5)
Loss for the period					<u>(49)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 June 2015

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	625	212	30	-	867
Intersegment revenues	(20)	(21)	(6)	-	(47)
Revenue from external customers	<u>605</u>	<u>191</u>	<u>24</u>	<u>-</u>	<u>820</u>
Results:					
Segment results	<u>(100)</u>	<u>29</u>	<u>11</u>	<u>(41)</u>	<u>(101)</u>
Unallocated income					29
Loss from operations and other income					(72)
Interest income	1	4	-	-	5
Finance cost	(24)	(12)	-	(4)	(40)
Share of loss from investments in associate	(19)	-	-	-	(19)
Loss before income tax expenses					(126)
Income tax expenses	17	(11)	(2)	2	6
Loss for the period					<u>(120)</u>

(Unit: Million Baht)

For the six-month period ended 30 June 2016

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	1,966	814	54	-	2,834
Intersegment revenues	(107)	(2)	(9)	-	(118)
Revenue from external customers	<u>1,859</u>	<u>812</u>	<u>45</u>	<u>-</u>	<u>2,716</u>
Results:					
Segment results	<u>172</u>	<u>196</u>	<u>9</u>	<u>(81)</u>	<u>296</u>
Unallocated income					27
Profit from operations and other income					323
Interest income	1	21	-	1	23
Finance cost	(59)	(35)	-	(5)	(99)
Share of loss from investment in associate	(30)	(1)	-	-	(31)
Profit before income tax expenses					216
Income tax expenses	(28)	(55)	(2)	16	(69)
Profit for the period					<u>147</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month period ended 30 June 2015				
	Hotel	Property	Office	Head Office	Total
	Business	Development	Rental		
Revenue:					
Segment revenue					
Total revenues	1,729	398	58	-	2,185
Intersegment revenues	(74)	(22)	(12)	-	(108)
Revenue from external customers	<u>1,655</u>	<u>376</u>	<u>46</u>	<u>-</u>	<u>2,077</u>
Results:					
Segment results	<u>77</u>	<u>35</u>	<u>15</u>	<u>(90)</u>	<u>37</u>
Unallocated income					72
Profit from operations and other income					109
Interest income	1	8	-	-	9
Finance cost	(50)	(23)	-	(8)	(81)
Share of loss from investment in associate	(20)	(2)	-	-	(22)
Profit before income tax expenses					15
Income tax expenses	(18)	(14)	(3)	(1)	(36)
Loss for the period					<u>(21)</u>

## 24. Foreign currency risk assets/liabilities

The outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currency are as follows:

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets as at		Financial liabilities as at		Financial assets as at		Financial liabilities as at			
	30	31	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December	June	December
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	3	3	1	1	-	-	-	-	35.1335	36.0417

## 25. Fair value of financial instruments

The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.



(Unaudited but reviewed)

### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

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

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

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

As of 30 June 2016 and 31 December 2015, the Company and its subsidiaries had the following financial assets that were measured at fair value as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements / Separate financial statements			
	30 June 2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	599,285	-	-	599,285

	(Unit: Thousand Baht)			
	Consolidated financial statements / Separate financial statements			
	31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	525,824	-	-	525,824

## 26. Litigation

A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991 to 1995. The plaintiffs claim the Sale and Purchase Agreement called for common area of approximately 20 rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 rai 2 ngan 9 square wah. As result, the plaintiffs claim that defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 rai 3 ngan 97.1 square wah to Allamanda 1 Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. The total amount of claim is Baht 188 million with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors, totaling ten, of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, therefore, must also be jointly liable with those subsidiaries.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose and amend the status of nine plots of land in dispute with land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

On 27 June 2014, the Phuket Provincial Court ordered the defendants (1) to transfer the nine plots of land totaling 10 rai 3 ngan 97.1 square wah to the plaintiffs (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land with interest at the rate of 7.5% per annum from the following day after the claim was lodged until payment is made in full (3) to pay Baht 16,000.79 per day from the following day after the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 as legal fees to the plaintiffs. On 23 January 2015, the subsidiaries lodged an appeal on the judgement at the Court of First Instance. On 15 October 2015, the Appeal Court ordered the defendants to place a deposit, amounting to Baht 36 million for the monetary compensations that the Court of First Instance has awarded the plaintiffs. On 18 December 2015, the Court has granted the Company's placement of land in Chiang Rai as security for the deposit.

(Unaudited but reviewed)

On 19 April 2016, the Appeal Court has issued judgement ordering the defendants to transfer eight plots of land out of nine plots of land as awarded by the Court of First Instance totaling 4 rai 1 ngan 90.9 square wah to be common property of Allamanda 1 Condominium. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the defendants do not have to compensate the plaintiffs. Moreover, the Appeal Court dismissed the plaint against the 5th to 14th defendants as directors. On 14 July 2016, the defendants filed the request for extension of the appeal to the Supreme Court and the Court has granted the extension to 19 September 2016.

As at 30 June 2016, subsidiaries have set aside a provision of Baht 40.4 million for liabilities arising as a result of this case (31 December 2015: Baht 40.1 million). This provision will be adjusted as per court order when the case is final.

## 27. Reclassification

Certain amounts in the financial statements for the three-month and six-month periods ended 30 June 2015 have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss) or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	For the three-month ended 30 June 2015			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Income statements</b>				
Cost of hotel operations	420,957	406,711	-	-
Administrative expenses	302,932	317,178	-	-

(Unit: Thousand Baht)

	For the six-month ended 30 June 2015			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Income statements</b>				
Cost of hotel operations	942,445	915,946	-	-
Administrative expenses	688,068	714,567	-	-

**28. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2016.