

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Review report and interim consolidated financial statements
For the three-month and nine-month periods ended
30 September 2017

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 September 2017, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2017, and the related consolidated statements of the changes in shareholders' equity, and cash flows for the nine-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*.

Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 9 November 2017

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2017	31 December 2016	30 September 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	523,627	669,770	23,606	18,206
Current investment - short-term fixed deposit		12,949	12,885	-	-
Trade and other receivables	4	803,534	671,732	193,794	182,268
Inventories		100,461	114,938	-	-
Property development cost	6	3,646,806	3,539,955	122,870	120,224
Other current assets		160,917	156,820	13,855	20,638
Total current assets		5,248,294	5,166,100	354,125	341,336
Non-current assets					
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	286,109	393,401	-	-
Investments in subsidiaries	8	-	-	4,269,026	4,269,026
Investments in associates	9	915,963	1,082,788	777,454	777,454
Other long-term investments	10	606,365	606,365	-	-
Long-term loans to subsidiaries	5	-	-	858,901	1,116,001
Investment properties	11	1,155,114	1,149,511	186,038	186,038
Property, plant and equipment	12	11,597,283	11,742,224	59,730	55,672
Deferred tax assets		81,742	83,964	-	-
Goodwill		407,904	407,904	-	-
Leasehold rights		12,154	14,206	-	-
Other non-current assets		76,987	76,666	1,360	1,301
Total non-current assets		15,141,840	15,559,248	6,154,687	6,407,670
Total assets		20,390,134	20,725,348	6,508,812	6,749,006

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2017	31 December 2016	30 September 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	560,000	515,000	260,000	265,000
Trade and other payables	14	680,310	819,842	36,924	34,285
Current portion of long-term loans from financial institutions	16	530,250	590,860	500	-
Income tax payable		10,934	43,802	-	-
Advance received from customers		617,011	391,617	261	491
Other current liabilities	15	138,488	163,640	21,656	9,822
Total current liabilities		2,536,993	2,524,761	319,341	309,598
Non-current liabilities					
Long-term loans from subsidiaries	5	-	-	470,680	746,680
Long-term loans from financial institutions - net of current portion	16	2,304,245	2,456,961	74,250	-
Unsecured debenture	17	497,459	495,913	-	-
Provision for long-term employee benefits		56,198	59,611	14,701	14,906
Long-term provision - provision for legal case	26	40,906	40,575	-	-
Deferred tax liabilities		2,313,612	2,356,960	97,538	107,471
Other non-current liabilities		104,436	105,265	5,588	5,742
Total non-current liabilities		5,316,856	5,515,285	662,757	874,799
Total liabilities		7,853,849	8,040,046	982,098	1,184,397
Shareholders' equity					
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		2,843,610	2,952,374	1,443,032	1,480,927
Other components of shareholders' equity		4,920,606	4,935,427	142,719	142,719
Equity attributable to owner of the Company		12,273,310	12,396,895	5,526,714	5,564,609
Equity attributable to non-controlling interests of the subsidiaries		262,975	288,407	-	-
Total shareholders' equity		12,536,285	12,685,302	5,526,714	5,564,609
Total liabilities and shareholders' equity		20,390,134	20,725,348	6,508,812	6,749,006

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

Directors

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 30 September 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenue					
Revenue from hotel operations		722,883	711,490	2,500	5,271
Revenue from property development operations		149,654	148,038	-	17,940
Revenue from office rental operations		21,159	22,598	4,950	6,341
Interest income		7,776	9,508	12,132	18,594
Other income	18	118,172	10,466	58,276	16,945
Total revenue		1,019,644	902,100	77,858	65,091
Expenses					
Cost of hotel operations		461,304	447,460	1,118	6,226
Cost of property development operations		102,359	98,081	-	11,373
Cost of office rental operations		10,500	13,338	1,575	1,862
Selling expenses		94,203	74,656	502	1,439
Administrative expenses		326,660	344,204	42,509	37,487
Total expenses		995,026	977,739	45,704	58,387
Profit (loss) before share of loss from investments in associates, finance cost and income tax expenses					
		24,618	(75,639)	32,154	6,704
Share of profit (loss) from investments in associates	9	6,767	(4,312)	-	-
Profit (loss) before finance cost and income tax expenses		31,385	(79,951)	32,154	6,704
Finance cost		(43,817)	(45,716)	(11,641)	(14,569)
Profit (loss) before income tax expenses		(12,432)	(125,667)	20,513	(7,865)
Income tax expenses	19	(1,755)	11,904	7,832	2,989
Profit (loss) for the period		(14,187)	(113,763)	28,345	(4,876)
Profit (loss) attributable to:					
Equity holders of the Company		(23,976)	(103,707)	28,345	(4,876)
Non-controlling interests of the subsidiaries		9,789	(10,056)		
		(14,187)	(113,763)		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	20	(0.14)	(0.62)	0.17	(0.03)

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 September 2017**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit (loss) for the period		(14,187)	(113,763)	28,345	(4,876)
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		1,198	(678)	-	-
Unrealised gain on available-for-sales security,					
net of income tax		-	6,186	-	6,186
Share of other comprehensive income (loss) of associates	9	(5,122)	(2,870)	-	-
Other comprehensive income (loss) to be reclassified					
to profit or loss in subsequent periods		(3,924)	2,638	-	6,186
<i>Other comprehensive income (loss) reclassified</i>					
<i>to profit or loss for the period:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(2,986)	-	-	-
Share of other comprehensive income (loss) of associate		(11,603)	-	-	-
Other comprehensive income (loss) reclassified					
to profit or loss for the period		(14,589)	-	-	-
Other comprehensive income (loss) for the period		(18,513)	2,638	-	6,186
Total comprehensive income (loss) for the period		(32,700)	(111,125)	28,345	1,310
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(40,479)	(100,807)	28,345	1,310
Non-controlling interests of the subsidiaries		7,779	(10,318)		
		(32,700)	(111,125)		

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the nine-month period ended 30 September 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenue					
Revenue from hotel operations		2,650,500	2,570,906	28,459	29,030
Revenue from property development operations		469,139	959,650	-	117,290
Revenue from office rental operations		72,056	67,572	16,448	19,290
Interest income		26,901	32,328	43,899	56,506
Other income	18	124,651	37,912	104,304	57,473
Total revenue		3,343,247	3,668,368	193,110	279,589
Expenses					
Cost of hotel operations		1,515,837	1,459,665	22,514	24,269
Cost of property development operations		315,553	607,554	-	65,316
Cost of office rental operations		36,194	41,097	4,851	5,313
Selling expenses		283,964	269,401	658	6,751
Administrative expenses		1,060,769	1,020,158	131,690	117,597
Total expenses		3,212,317	3,397,875	159,713	219,246
Profit before share of loss from investments in associates, finance cost and income tax expenses					
Share of loss from investments in associates	9	(15,230)	(34,759)	-	-
Profit before finance cost and income tax expenses		115,700	235,734	33,397	60,343
Finance cost		(133,154)	(145,195)	(37,888)	(45,154)
Profit (loss) before income tax expenses		(17,454)	90,539	(4,491)	15,189
Income tax expenses	19	(40,358)	(57,651)	9,933	2,777
Profit (loss) for the period		(57,812)	32,888	5,442	17,966
Profit (loss) attributable to:					
Equity holders of the Company		(65,528)	37,187	5,442	17,966
Non-controlling interests of the subsidiaries		7,716	(4,299)		
		(57,812)	32,888		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	20	(0.39)	0.22	0.03	0.11

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 nine-month period ended 30 September 2017

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the period		(57,812)	32,888	5,442	17,966
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		6,032	(2,363)	-	-
Unrealised gain on available-for-sales security,					
net of income tax		-	64,955	-	64,955
Share of other comprehensive income (loss) of associates	9	(7,986)	(23,460)	-	-
Other comprehensive income (loss) to be reclassified					
to profit or loss in subsequent periods		(1,954)	39,132	-	64,955
<i>Other comprehensive income (loss) reclassified</i>					
<i>to profit or loss for the periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency		(2,986)	-	-	-
Share of other comprehensive income (loss) of associate		(11,603)	-	-	-
Other comprehensive income (loss) reclassified					
to profit or loss for the periods		(14,589)	-	-	-
Other comprehensive income (loss) for the period		(16,543)	39,132	-	64,955
Total comprehensive income (loss) for the period		(74,355)	72,020	5,442	82,921
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(80,248)	76,092	5,442	82,921
Non-controlling interests of the subsidiaries		5,893	(4,072)		
		(74,355)	72,020		

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

For the nine-month period ended 30 September 2017

(Unit: Thousand Baht)

Consolidated financial statements																	
Equity attributable to the owners of the Company																	
	Issued and fully paid-up share capital					Other components of shareholders' equity											
						Retained earnings					Other comprehensive income			Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Appropriated - statutory reserve	Unappropriated	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 associates						
Balance as at 1 January 2016	1,666,827	2,062,461	568,131	211,675	2,642,748	108,623	3,921,717	152,958	56,319	4,239,617	11,391,459	283,713	11,675,172				
Profit (loss) for the period	-	-	-	-	37,187	-	-	-	-	-	37,187	(4,299)	32,888				
Other comprehensive income (loss) for the period	-	-	-	-	-	(2,590)	-	64,955	(23,460)	38,905	38,905	227	39,132				
Total comprehensive income (loss) for the period	-	-	-	-	37,187	(2,590)	-	64,955	(23,460)	38,905	76,092	(4,072)	72,020				
Dividend paid (Note 21)	-	-	-	-	(80,007)	-	-	-	-	-	(80,007)	-	(80,007)				
Reversal of revaluation surplus on disposal of assets	-	-	-	-	4,455	-	(4,455)	-	-	(4,455)	-	-	-				
Balance as at 30 September 2016	<u>1,666,827</u>	<u>2,062,461</u>	<u>568,131</u>	<u>211,675</u>	<u>2,604,383</u>	<u>106,033</u>	<u>3,917,262</u>	<u>217,913</u>	<u>32,859</u>	<u>4,274,067</u>	<u>11,387,544</u>	<u>279,641</u>	<u>11,667,185</u>				
Balance as at 1 January 2017	1,666,827	2,062,461	568,131	211,675	2,952,374	105,635	4,801,621	-	28,171	4,935,427	12,396,895	288,407	12,685,302				
Profit (loss) for the period	-	-	-	-	(65,528)	-	-	-	-	-	(65,528)	7,716	(57,812)				
Other comprehensive income (loss) for the period	-	-	-	-	-	4,869	-	-	(19,589)	(14,720)	(14,720)	(1,823)	(16,543)				
Total comprehensive income (loss) for the period	-	-	-	-	(65,528)	4,869	-	-	(19,589)	(14,720)	(80,248)	5,893	(74,355)				
Dividend paid (Note 21)	-	-	-	-	(43,337)	-	-	-	-	-	(43,337)	(31,325)	(74,662)				
Reversal of revaluation surplus on disposal of assets	-	-	-	-	101	-	(101)	-	-	(101)	-	-	-				
Balance as at 30 September 2017	<u>1,666,827</u>	<u>2,062,461</u>	<u>568,131</u>	<u>211,675</u>	<u>2,843,610</u>	<u>110,504</u>	<u>4,801,520</u>	<u>-</u>	<u>8,582</u>	<u>4,920,606</u>	<u>12,273,310</u>	<u>262,975</u>	<u>12,536,285</u>				
	-	-	-	-	-	-	-	-	-	-	-	-	-				
	-	-	-	-	-	-	-	-	-	-	-	-	-				

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 nine-month period ended 30 September 2017

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital		Retained earnings		Other components of shareholders' equity			Total shareholders' equity
					Other comprehensive income		Total other components of shareholders' equity	
					Revaluation surplus on assets	Unrealised gain on available-for-sales security		
Share premium	Appropriated - Statutory reserve	Unappropriated						
Balance as at 1 January 2016	1,666,827	2,062,461	211,675	908,790	136,986	395,730	532,716	5,382,469
Profit for the period	-	-	-	17,966	-	-	-	17,966
Other comprehensive income (loss) for the period	-	-	-	-	-	64,955	64,955	64,955
Total comprehensive income (loss) for the period	-	-	-	17,966	-	64,955	64,955	82,921
Dividend paid (Note 21)	-	-	-	(80,007)	-	-	-	(80,007)
Balance as at 30 September 2016	<u>1,666,827</u>	<u>2,062,461</u>	<u>211,675</u>	<u>846,749</u>	<u>136,986</u>	<u>460,685</u>	<u>597,671</u>	<u>5,385,383</u>
Balance as at 1 January 2017	1,666,827	2,062,461	211,675	1,480,927	142,719	-	142,719	5,564,609
Profit for the period	-	-	-	5,442	-	-	-	5,442
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	5,442	-	-	-	5,442
Dividend paid (Note 21)	-	-	-	(43,337)	-	-	-	(43,337)
Balance as at 30 September 2017	<u>1,666,827</u>	<u>2,062,461</u>	<u>211,675</u>	<u>1,443,032</u>	<u>142,719</u>	<u>-</u>	<u>142,719</u>	<u>5,526,714</u>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries**Cash flow statement****For the nine-month period ended 30 September 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit (loss) before income tax expenses	(17,454)	90,539	(4,491)	15,189
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	268,263	251,570	5,607	4,145
Amortisation of leasehold rights	1,925	2,678	-	-
Amortisation of transaction costs related to debenture issuance	1,546	1,546	-	-
Allowance for doubtful accounts (reversal)	1,419	20,002	1,898	(438)
Reduction of inventory to net realisable value	376	1,119	-	-
Share of loss from investments in associates	15,230	34,759	-	-
Unrealised loss (gain) on exchange rate	(131)	33	-	-
Loss (gain) on sale of property, plant and equipment	87	115	(19)	4
Write off property, plant and equipment	3,375	137	-	-
Dividend income from other long-term investment	-	(27,838)	-	(27,838)
Dividend income from investments in subsidiaries	-	-	(33,153)	-
Dividend income from investment in associate	-	-	(18,553)	-
Provision for long-term employee benefits	4,013	4,032	290	425
Provision for loss on compensation claim	330	332	-	-
Forfeited money from property units	(12,522)	-	-	-
Gain on sale of investment in subsidiary	(17,988)	-	-	-
Gain on sale of investment in associate	(97,745)	-	-	-
Interest income	(26,901)	(32,328)	(43,899)	(56,506)
Interest expenses	133,154	145,195	37,888	45,154
Profit (loss) from operating activities before changes in operating assets and liabilities	256,977	491,891	(54,432)	(19,865)
Operating assets (increase) decrease				
Trade and other receivables	71,935	58,255	(6,993)	(19,248)
Inventories	(2,302)	6,777	-	-
Property development cost	(86,705)	256,744	(2,646)	65,278
Other current assets	5,052	(35,518)	7,521	(11,066)
Long-term trade accounts receivable	107,291	69,697	-	-
Other non-current assets	(320)	(7,143)	(60)	52
Operating liabilities increase (decrease)				
Trade and other payables	(129,726)	(269,272)	(1,738)	(1,381)
Advance received from customers	235,595	(121,855)	(229)	10,235
Other current liabilities	(24,583)	(11,087)	11,834	6,345
Provision for long-term employee benefits	(7,427)	(6,735)	(495)	(725)
Other non-current liabilities	(828)	4,941	(155)	47
Cash flows from (used in) operating activities	424,959	436,695	(47,393)	29,672
Cash received for interest income	26,930	32,340	37,469	55,995
Cash paid for interest expenses	(140,722)	(154,798)	(33,511)	(44,494)
Cash paid for income tax	(100,168)	(124,388)	(738)	(2,482)
Net cash flows from (used in) operating activities	210,999	189,849	(44,173)	38,691

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the nine-month period ended 30 September 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Decrease in short-term restricted deposit at financial institution	-	75,930	-	-
Increase in current investment - short-term fixed deposit	(64)	(2,101)	-	-
Net cash decrease from sale of investment in subsidiary	(5,457)	-	-	-
Cash received from long-term loans to subsidiaries	-	-	705,100	456,600
Cash paid for long-term loans to subsidiaries	-	-	(448,000)	(458,600)
Cash paid for long-term loans to related company	-	(2,205)	-	-
Cash received from sales of property, plant and equipment	699	119	19	2
Cash paid for acquisition of property, plant and equipment	(131,442)	(181,107)	(9,665)	(4,870)
Cash paid for acquisition of investment properties	(5,603)	(5,438)	-	(15)
Dividend received from other long-term investment	-	27,838	-	27,838
Dividend received from investments in subsidiaries	-	-	33,153	-
Dividend received from investment in associate	18,553	-	18,553	-
Net cash flows from (used in) investing activities	(123,314)	(86,964)	299,160	20,955
Cash flows from financing activities				
Payment of dividends	(43,337)	(80,007)	(43,337)	(80,007)
Payment of dividends of subsidiaries to non-controlling interests	(31,325)	-	-	-
Increase (decrease) in short-term loans from financial institution	45,000	(194,803)	(5,000)	-
Draw down of long-term loans from subsidiaries	-	-	231,000	411,800
Repayment of long-term loans from subsidiaries	-	-	(507,000)	(362,950)
Draw down of long-term loans from financial institutions	229,058	278,000	75,000	-
Repayment of long-term loans from financial institutions	(442,384)	(480,977)	(250)	(35,000)
Net cash flows used in financing activities	(242,988)	(477,787)	(249,587)	(66,157)
Net exchange differences on translation of financial statements in foreign currency	9,160	(2,740)	-	-
Net increase (decrease) in cash and cash equivalents	(146,143)	(377,642)	5,400	(6,511)
Cash and cash equivalents at beginning of period	669,770	859,881	18,206	25,641
Cash and cash equivalents at end of period	523,627	482,239	23,606	19,130
Supplemental cash flows information				
Non-cash items				
Share of comprehensive income (loss) of associates	(7,986)	(23,460)	-	-
Transferred property, plant and equipment to property development cost	-	31,199	-	-
Reversal of revaluation surplus on disposal of assets	101	4,455	-	-
Interest recorded as property development cost	7,624	10,011	-	-
Receivable from sale of investment in associate to related party	211,198	-	-	-

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2017

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, Angsana Villas Resort Phuket and Cassia Phuket, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating golf clubs (Laguna Golf Phuket and Laguna Golf Bintan), 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, 7th, 22nd and 24th 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 2016) 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.

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.

(Unaudited but reviewed)

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 2016. There have been no changes in the composition of the subsidiaries during the current period, except for the change of investment in subsidiary as described in Note 8.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 and its subsidiaries' 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 2016.

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Cash	5,628	7,712	129	144
Bank deposits	517,999	662,058	23,477	18,062
Total	523,627	669,770	23,606	18,206

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	185,189	290,920	8,529	8,034
Less: Allowance for doubtful accounts	(19,417)	(52,436)	(3,457)	(1,559)
Trade accounts receivable - hotel operations, net	165,772	238,484	5,072	6,475
Trade accounts receivable - sales of property				
- Installments due	40,356	41,083	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	205,447	204,135	-	-
Trade accounts receivable - sales of property, net	245,803	245,218	-	-
Trade accounts receivable - sales of holiday club				
memberships - installments due and trade account				
receivable from sales and marketing services for				
holiday club memberships	89,535	93,485	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	4,886	5,481	-	-
Trade accounts receivable - sales of holiday club				
memberships and sales and marketing services for				
holiday club memberships, net	94,421	98,966	-	-
Trade accounts receivable - net	505,996	582,668	5,072	6,475
<u>Other receivables</u>				
Amounts due from related parties (Note 5)	250,658	39,455	162,155	158,582
Other receivables	20,100	30,335	355	341
Insurance claim receivable	422	98	-	-
Accrued other income	297	2,431	151	175
Interest receivable	57	86	57	37
Accrued rental income	26,004	16,659	26,004	16,658
Total other receivables	297,538	89,064	188,722	175,793
Trade and other receivables, net	803,534	671,732	193,794	182,268

(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 September	31 December	30 September	31 December
	2017	2016	2017	2016
<u>Age of receivables</u>				
Not yet due	73,006	126,587	152	163
Past due				
Up to 30 days	53,411	68,472	666	312
31 - 60 days	19,980	11,368	1,743	306
61 - 90 days	7,328	10,584	1,624	2,297
91 - 120 days	3,771	1,898	205	310
Over 120 days	27,693	72,011	4,139	4,646
Total	185,189	290,920	8,529	8,034
Less: Allowance for doubtful debts	(19,417)	(52,436)	(3,457)	(1,559)
Trade accounts receivable - hotel operations, net	<u>165,772</u>	<u>238,484</u>	<u>5,072</u>	<u>6,475</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
<u>Age of receivables</u>				
Not yet due	209,803	222,918	-	-
Past due				
Up to 30 days	8,815	7,460	-	-
31 - 60 days	6,087	4,503	-	-
61 - 90 days	9,773	2,738	-	-
91 - 120 days	2,046	1,900	-	-
Over 120 days	9,279	5,699	-	-
Trade accounts receivable - sales of property, net	<u>245,803</u>	<u>245,218</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

The balances of installments due of trade accounts receivable - holiday club memberships and trade account receivable from sales and marketing services for holiday club memberships, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
<u>Age of receivables</u>				
Not yet due	9,474	17,900	-	-
Past due				
Up to 30 days	509	18,415	-	-
31 - 60 days	217	4,972	-	-
61 - 90 days	45	5,883	-	-
91 - 120 days	25	6,923	-	-
Over 120 days	79,265	39,392	-	-
Trade accounts receivable - sales of holiday club membership - installment due and trade account receivable from sales and marketing services for holiday club memberships, net	<u>89,535</u>	<u>93,485</u>	<u>-</u>	<u>-</u>

5. Related party transactions

During the periods, 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 periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Guarantee fee expenses	-	-	1	-	(3) agreed basis
Interest income	-	-	13	18	(5) agreement
Interest expenses	-	-	9	12	(5) agreement
Management fee income	-	-	24	9	(4), (7) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Transactions with subsidiaries (continued)</u>					
Reimbursement receipts	-	-	3	-	(11) agreed basis
Reimbursement payments	-	-	2	2	(11) agreed basis
Rental and service income	-	-	1	2	(12)(i), (iii) agreement
Rental and service expenses	-	-	2	-	(12)(iv), (v) agreement
Resort service expenses	-	-	4	3	(14) agreed basis
Dividend income	-	-	33	-	As declared
<u>Transactions with associates</u>					
Inter resort receipts	1	-	-	-	(1) agreed basis
Reimbursement receipts	2	-	-	-	(11) agreed basis
Rental and service expenses	-	1	-	-	(12)(i) agreement
Rental and service income	5	-	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Inter resort payments	18	20	-	-	(1) agreed basis
Management fee income	1	1	-	1	(16), (17) agreement
Management fee expenses	50	50	-	-	(6), (15), (18) agreement
Purchase (return) of spa & gallery vouchers	(1)	-	(1)	-	(2), (8) agreed basis
Sale of goods	6	2	-	-	(9) agreed basis
Reimbursement receipts	14	16	1	3	(11) agreed basis
Reimbursement payments	13	16	1	3	(11) agreed basis
Rental and service income	8	11	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	1	-	-	-	(13) agreement
Resort service income	1	1	-	-	(14) agreed basis
Training charges	2	2	-	-	(10) agreed basis
Sales of investments in subsidiary and associate	217	-	-	-	As stipulated in agreements

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<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	-	-	44	56	(5) agreement
Interest expenses	-	-	29	38	(5) agreement
Management fee income	-	-	50	27	(4), (7) agreed basis
Reimbursement receipts	-	-	7	2	(11) agreed basis
Reimbursement payments	-	-	7	7	(11) agreed basis
Rental and service income	-	-	4	6	(12)(i), (iii) agreement
Rental and service expenses	-	-	5	3	(12)(iv), (v) agreement
Resort service expenses	-	-	7	7	(14) agreed basis
Dividend income	-	-	33	-	As declared
<u>Transactions with associates</u>					
Inter resort receipts	2	-	-	-	(1) agreed basis
Reimbursement receipts	4	-	-	-	(11) agreed basis
Reimbursement payments	-	1	-	-	(11) agreed basis
Rental and service income	15	-	-	-	(12)(iv) agreement
Rental and service expenses	-	1	-	-	(12)(i) agreement
Dividend income	-	-	19	-	As declared
Sales of goods	1	-	-	-	(9) agreement basis
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	59	64	-	-	(1) agreed basis
Management fee income	2	2	1	1	(16), (17) agreement
Management fee expenses	193	205	2	-	(6), (15), (18) agreement
Purchase of spa & gallery vouchers	6	7	1	2	(2), (8) agreed basis
Sale of goods	16	13	-	-	(9) agreed basis
Reimbursement receipts	38	63	4	5	(11) agreed basis
Reimbursement payments	39	39	6	6	(11) agreed basis
Rental and service income	23	33	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	3	4	-	-	(13) agreement
Resort service income	4	5	-	-	(14) agreed basis
Training charges	8	8	-	-	(10) agreed basis
Sales of investments in subsidiary and associate	217	-	-	-	As stipulated in agreements

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 22 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), Cassia Phuket (Phuket Resort Development Limited) and Angsana Villas Resort Phuket (Laguna Village 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 and Angsana Villas Resort 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. The rate has been reduced to 2% of total actual hotel revenue since 1 July 2016.
 - 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.

(Unaudited but reviewed)

- (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.

(Unaudited but reviewed)

- (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, : based on actual cost
transportation charges
 - 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.
- (18) This relates to project management services which the fees are based on 10% mark up of actual working hours in providing the service and included all cost.

(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 September 2017</u>	<u>31 December 2016</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 September 2017</u>	<u>31 December 2016</u>
Short-term loan facilities	150	150
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	20

As at 30 September 2017 and 31 December 2016, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Amounts due from related parties				
Subsidiaries	-	-	157,254	156,971
Associated companies	301	4,140	-	-
Related companies (related by common shareholders)	250,357	35,315	4,901	1,611
Total amounts due from related parties (Note 4)	<u>250,658</u>	<u>39,455</u>	<u>162,155</u>	<u>158,582</u>
Amounts due to related parties				
Subsidiaries	-	-	15,179	12,138
Associated companies	-	376	-	-
Related companies (related by common shareholders)	115,262	105,207	3,349	2,891
Total amounts due to related parties (Note 14)	<u>115,262</u>	<u>105,583</u>	<u>18,528</u>	<u>15,029</u>

Long-term loans to subsidiaries and long-term loans from subsidiaries

As at 30 September 2017 and 31 December 2016, the balance of loans between the Company and those related companies and the movement are as follows:

(Unaudited but reviewed)

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December			30 September
	2016	Addition	Repayment	2017
Laguna Banyan Tree Limited	659,100	189,000	(346,000)	502,100
Laguna Holiday Club Limited	1,000	63,500	(6,000)	58,500
Laguna Lakes Limited	324,301	21,000	(49,000)	296,301
Laguna Grande Limited	131,600	174,500	(304,100)	2,000
Total	1,116,001	448,000	(705,100)	858,901

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December			30 September
	2016	Addition	Repayment	2017
Laguna Grande Limited	-	33,000	(33,000)	-
Laguna Holiday Club Limited	-	29,000	(29,000)	-
Laguna (3) Limited	24,000	-	-	24,000
TWR-Holdings Limited	722,680	169,000	(445,000)	446,680
Total	746,680	231,000	(507,000)	470,680

Directors and management's benefits

During the nine-month periods ended 30 September 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Short-term employee benefits	77,419	74,532	47,771
Post-employment benefits	2,090	1,859	1,164	1,076
Other long-term employee benefits	28	33	16	21
Total	79,537	76,424	48,951	48,807

(Unaudited but reviewed)

6. Property development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2017	2016	2017	2016
Property for sale under holiday club memberships	411,455	414,537	-	-
Completed buildings	467,687	461,796	-	-
Land	1,680,400	1,699,661	111,429	111,429
Property under construction	1,087,264	963,961	11,441	8,795
Total	<u>3,646,806</u>	<u>3,539,955</u>	<u>122,870</u>	<u>120,224</u>

Subsidiaries have mortgaged property development cost amounting to Baht 1,009 million (31 December 2016: Baht 1,029 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 5% - 7% 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 8% - 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 September 2017	31 December 2016
Current portion of long-term trade accounts receivable	210,333	209,616
Long-term trade accounts receivable	286,109	393,401
Total	<u>496,442</u>	<u>603,017</u>
Sales of property		
Within 1 year (Note 4)	205,447	204,135
Over 1 year to 5 years	283,102	389,862
Over 5 years	139	588
Long-term trade accounts receivable - sales of property	<u>488,688</u>	<u>594,585</u>
Sales of holiday club memberships		
Within 1 year (Note 4)	4,886	5,481
Over 1 year to 5 years	2,868	2,951
Long-term trade accounts receivable - sales of holiday club memberships	<u>7,754</u>	<u>8,432</u>
Total	<u>496,442</u>	<u>603,017</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 September	31 December	30 September	31 December	30 September	31 December
	2017	2016	2017	2016	2017	2016
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>						
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 ⁽¹⁾	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 ⁽²⁾	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
<u>Subsidiaries held through TWR - Holdings Limited</u>						
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 2.3 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	-	-
<u>Subsidiaries held through Laguna Grande Limited</u>						
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	-	-
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u>						
Lijiang Banyan Tree Gallery Trading Company Limited	-	USD 75 Thousand	-	51.0	-	-
<u>Subsidiary held through Laguna Holiday Club Limited</u>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
Total investments in subsidiaries					<u>4,269.0</u>	<u>4,269.0</u>

(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

(Unaudited but reviewed)

During the periods, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

Company's name	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	Separate financial statements			
	2017	2016	2017	2016
Banyan Tree Gallery (Singapore) Pte. Limited	7,463	-	7,463	-
Banyan Tree Gallery (Thailand) Limited	25,690	-	25,690	-
Total	33,153	-	33,153	-

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.

On 11 July 2017, Banyan Tree Gallery (Singapore) Pte. Limited (a subsidiary) entered into an agreement to sell all shares in Lijiang Banyan Tree Gallery Trading Company Limited (an indirect subsidiary), for a selling price of SGD 0.2 million or Baht 5.7 million. On 8 August 2017, Banyan Tree Gallery (Singapore) Pte. Limited entered into supplemental deed resulting to the sale and purchase of the shares with 2 related companies to prescribe conditions and details in the agreement. The subsidiary received payment for the sale of shares on 28 September 2017. As a result of this transaction, Lijiang Banyan Tree Gallery Trading Co., Ltd. is no longer an indirect subsidiary of the Company.

The Company recognised the difference between the selling price and the net book value of the investment in the indirect subsidiary under the equity method of THB 18 million as gain on sale of investment in subsidiary in the consolidated income statement for the current period.

(Unaudited but reviewed)

The net assets value of subsidiary, as at disposal date, were detailed below:

(Unit: Thousand Baht)

	<u>Net book value</u>
Cash and cash equivalents	11,184
Trade and other receivables	21,855
Inventories	16,403
Property and equipment	583
Other current assets	618
Total assets	<u>50,643</u>
Trade and other payables	48,545
Corporate income tax payable	283
Other current liabilities	11,090
Total liabilities	<u>59,918</u>
Net asset value	(9,275)
Consideration received	5,727
Gain on sale of investment in subsidiary	15,002
Reversal of other comprehensive income of subsidiary	2,986
Total gain on sale of investment in subsidiary	<u>17,988</u>
Consideration received	5,727
Cash and cash equivalents of disposed subsidiary	<u>(11,184)</u>
Net cash decrease from disposal of subsidiary	<u>(5,457)</u>

9. Investments in associates

9.1 Details of 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 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	
			(%)	(%)					
Lijiang Banyan Tree Hotel Co. Ltd.	Hotel operations and property development	The People's Republic of China	-	49	-	348,414	-	305,334	
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-	
Less: Allowance for impairment of investment						(17,673)	(17,673)	-	-
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454	790,906	777,454	
Banyan Tree China Pte. Ltd.	Holding company	The People's Republic of China	10.69	-	125,057	-	125,057	-	
Total investments in associates - net						902,511	1,125,868	915,963	1,082,788

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements						
			Shareholding percentage		Cost				
			30 September 2017	31 December 2016	30 September 2017	31 December 2016			
			(%)	(%)					
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454			
Total						777,454	777,454		

On 11 July 2017, Laguna Banyan Tree Limited (a subsidiary) entered into an agreement to sell its shares in Lijiang Banyan Tree Hotel Co., Ltd. (an associate) to a related company. On 8 August 2017, Laguna Banyan Tree Limited entered into supplemental deed relating to the sale and purchase of the shares with 2 related companies whereby Laguna Banyan Tree Limited agreed to selling 24.52 percent of shares in Lijiang Banyan Tree Hotel Co., Ltd. at a consideration of RMB 42.8 million or Baht 211.2 million.

The subsidiary recognised the difference between the selling price and the net book value under the equity method of THB 97.7 million as gain on sale of investment in associate in the consolidated income statement for the current period.

(Unaudited but reviewed)

In addition, under the above supplemental deed, the Company has restructured its remaining 24.52 percent interest in Lijiang Banyan Tree Hotel Co., Ltd. to its interest in Banyan Tree China Pte. Ltd. (BTC). The new percentage of shareholding in BTC was determined using the sale value under the agreement to sell and purchase shares for the 24.52 percent interest, as described above, and the fair value of BTC as appraised by independent valuers.

As a result of the restructuring, the Company holds a 10.69% interest in BTC and the initial cost of investment in BTC is equal to the net book value under the equity method of the 24.52% interest in the associate pre-restructuring. The management has determined that the Company has significant influence over BTC as they have key common directors. Therefore, the Company has classified the investment as an investment in an associate and used the equity method to recognise the investment in the consolidated financial statements.

As at 30 September 2017 and 31 December 2016, the Company has pledged the 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Company.

9.2 Share of comprehensive income (loss) and dividend received

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Share of profit (loss) from investments in associates				Share of other comprehensive income (loss) from investments in associates			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016	2017	2016	2017	2016
Lijiang Banyan Tree Hotel Co., Ltd.	(4,053)	(4,312)	(50,257)	(34,759)	(4,236)	(2,870)	(4,964)	(23,460)
Thai Wah Public Company Limited	10,820	-	35,027	-	(886)	-	(3,022)	-
Total	6,767	(4,312)	(15,230)	(34,759)	(5,122)	(2,870)	(7,986)	(23,460)

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Dividend received			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2017	2016	2017	2016
Thai Wah Public Company Limited	-	-	18,553	-
Total	-	-	18,553	-

(Unaudited but reviewed)

9.3 Fair value investments in a listed associate

In respect of investment in an associated company that is a listed company on the Stock Exchange of Thailand, its fair value is as follows:

Associate	Fair values as at	
	30 September 2017	31 December 2016
Thai Wah Public Company Limited	901	826

10. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2017	31 December 2016
Investments in other companies		
Bibace Investments Ltd.	188,425	188,425
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940
Total other long-term investments	606,365	606,365

11. Investment properties

As at 30 September 2017, the subsidiaries have pledged investment properties amounting to approximately Baht 654 million (31 December 2016: Baht 663 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 26.

(Unaudited but reviewed)

12. Property, plant and equipment

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
At cost / revaluation value		
Balance as at 31 December 2016	16,178,831	142,322
Additions	131,442	9,665
Disposals and write off	(23,678)	(85)
Adjustments	(3,793)	-
Balance as at 30 September 2017	<u>16,282,802</u>	<u>151,902</u>
Accumulated depreciation		
Balance as at 31 December 2016	(4,431,514)	(86,650)
Depreciation charged for the period	(268,390)	(5,607)
Disposals and write off	18,932	85
Adjustments	419	-
Balance as at 30 September 2017	<u>(4,680,553)</u>	<u>(92,172)</u>
Allowance for impairment loss		
Balance as at 31 December 2016	(5,093)	-
Adjustments	127	-
Balance as at 30 September 2017	<u>(4,966)</u>	<u>-</u>
Net book value		
Balance as at 31 December 2016	<u>11,742,224</u>	<u>55,672</u>
Balance as at 30 September 2017	<u>11,597,283</u>	<u>59,730</u>

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 14 October 2016 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 or Income Approach.

The subsidiaries have mortgaged land and buildings at fair value of Baht 7,409 million (31 December 2016: Baht 7,824 million) as collateral against credit facilities received from financial institutions.

(Unaudited but reviewed)

13. Short-term loans from financial institutions

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months. Short-term loans from financial institutions carry interest rate of 3.63% per annum (31 December 2016: 3.63% to 5.00%).

These 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	31	30	31
	September	December	September	December
	2017	2016	2017	2016
Trade accounts payable	177,574	316,377	1,430	927
Amounts due to related parties (Note 5)	115,262	105,583	18,528	15,029
Accrued expenses	202,761	164,454	12,029	10,686
Other payables	89,512	100,181	-	114
Service charge payable to hotel staff	13,527	36,128	-	-
Accrued rental to villa owners	81,674	97,119	4,937	7,529
Total	<u>680,310</u>	<u>819,842</u>	<u>36,924</u>	<u>34,285</u>

15. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2017	2016	2017	2016
Value added tax payable	43,209	56,478	3,536	4,086
Unearned income	31,347	39,709	13,683	-
Other tax payable	56,147	57,248	3,387	4,686
Short-term provision	7,785	10,205	1,050	1,050
Total	<u>138,488</u>	<u>163,640</u>	<u>21,656</u>	<u>9,822</u>

(Unaudited but reviewed)

16. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
Secured	<u>2,834,495</u>	<u>3,047,821</u>	<u>74,750</u>	<u>-</u>
Long-term loans are repayable as follows:				
Within 1 year	530,250	590,860	500	-
Over 1 year to 5 years	<u>2,123,745</u>	<u>2,125,182</u>	<u>21,625</u>	<u>-</u>
Over 5 years	<u>180,500</u>	<u>331,779</u>	<u>52,625</u>	<u>-</u>
	<u>2,304,245</u>	<u>2,456,961</u>	<u>74,250</u>	<u>-</u>
Total	<u>2,834,495</u>	<u>3,047,821</u>	<u>74,750</u>	<u>-</u>

Movements in the long-term loans account during the nine-month period ended 30 September 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 31 December 2016		3,047,821		-
Add: Drawdown		229,058		75,000
Less: Repayments		(442,384)		(250)
Balance as at 30 September 2017		<u>2,834,495</u>		<u>74,750</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 loans are guaranteed by a subsidiary and the pledge of the 10 million ordinary shares of Thai Wah Public Company Limited.

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 September 2017, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 543 million (31 December 2016: Baht 472 million).

(Unaudited but reviewed)

17. Unsecured debenture

(Unit: Thousand Baht)

Debenture	Interest rate	Terms	Due date	Consolidated financial statements	
				30 September	31 December
				2017	2016
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				(2,541)	(4,087)
Debenture - net				497,459	495,913

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

18. Other income

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Dividend income	-	6,959	33,153	6,959
Gain on sale of investment in subsidiary (Note 8)	17,988	-	-	-
Gain on sale of investment in associate (Note 9)	97,745	-	-	-
Management fee income	107	530	24,711	9,961
Other	2,332	2,977	412	25
Total	118,172	10,466	58,276	16,945

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Dividend income	-	27,838	51,706	27,838
Gain on sale of investment in subsidiary (Note 8)	17,988	-	-	-
Gain on sale of investment in associate (Note 9)	97,745	-	-	-
Management fee income	321	970	51,518	29,504
Other	8,597	9,104	1,080	131
Total	124,651	37,912	104,304	57,473

(Unaudited but reviewed)

19. 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 nine-month periods ended 30 September 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	33,067	15,031	-	-
Adjustment in respect of current income tax of previous year	-	7	-	-
Write off prepaid withholding tax	8	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(31,320)	(26,942)	(7,832)	(2,989)
Income tax expense reported in the income statement	1,755	(11,904)	(7,832)	(2,989)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	78,298	70,150	-	-
Adjustment in respect of current income tax of previous year	(289)	(1,645)	-	-
Write off prepaid withholding tax	4,952	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(42,603)	(10,854)	(9,933)	(2,777)
Income tax expense reported in the income statement	40,358	57,651	(9,933)	(2,777)

(Unaudited but reviewed)

20. 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 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(23,976)	(103,707)	28,345	(4,876)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.14)	(0.62)	0.17	(0.03)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(65,528)	37,187	5,442	17,966
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.39)	0.22	0.03	0.11

21. Dividend

Dividend declared in nine-month periods ended 30 September 2017 and 2016 consist of:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends on 2016 retained earnings	Annual General Meeting of the shareholders on 20 April 2017	43.34	0.26
Total		43.34	
Interim dividend	Board of Directors' Meeting on 10 August 2016	20.00	0.12
Dividends on 2015 retained earnings	Annual General Meeting of the shareholders on 26 April 2016	60.01	0.36
Total		80.01	

22. Commitments

Capital commitment

As at 30 September 2017, the Company and its subsidiaries have capital commitments as follows:

- a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 28 million (31 December 2016: Baht 13 million).
- b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 460 million (31 December 2016: Baht 439 million).
- 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 September 2017, 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:

(Unaudited but reviewed)

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Sanctuary Management Pte. Ltd. ⁽¹⁾	1.7.2012 – 31.3.2017	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited ⁽²⁾	1.4.2017 - 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	Sanctuary Management Pte. Ltd. ⁽¹⁾	1.1.2016 – 31.3.2017	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited ⁽²⁾	1.4.2017 - 31.12.2025	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Sanctuary Management Pte. Ltd. ⁽¹⁾	1.7.2012 - 31.3.2017	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited ⁽²⁾	1.4.2017 - 31.12.2021	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021	- Management fee: 10% of gross operating profit
Laguna Village Limited	Angsana Villas Resort Phuket	Sanctuary Management Pte. Ltd. ⁽¹⁾	1.8.2016 - 31.3.2017	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited ⁽²⁾	1.4.2017 - 31.7.2041	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.8.2016 - 31.7.2041	- Management fee: 7.5% of gross operating profit
Phuket Resort Development Limited	Cassia Phuket	Sanctuary Management Pte. Ltd. ⁽¹⁾	20.10.2015 - 31.3.2017	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited ⁽²⁾	1.4.2017 - 19.10.2040	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040	- Management fee: 7.5% of gross operating profit

(1) Formerly known as Banyan Tree Hotels & Resorts Pte. Limited

(2) Formerly known as Banyan Tree Corporate Pte. Limited

(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) 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 cash reward options are included fix return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 3 years.

As at 30 September 2017 and 31 December 2016, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2017	2016	2017	2016
Payable within:				
In up to 1 year	22	31	5	6
In over 1 and up to 5 years	25	40	14	18

During the nine-month period ended 30 September 2017, the Company and its subsidiaries recognised rental expenses of Baht 25 million (30 September 2016: Baht 35 million) (Separate financial statements: Baht 6 million, 30 September 2016: Baht 5 million).

Servitude over land

As at 30 September 2017, some subsidiaries have land servitude of approximately 11 rai (31 December 2016: 10 rai) at Phuket province, which are presented under property development cost and property, plant and equipment.

23. Guarantees

- a) As at 30 September 2017, there are bank guarantees amounting to Baht 53 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 2016: Baht 50 million, Separate financial statements: Baht 2 million).
- b) As at 31 December 2016 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) (30 September 2017: Nil).

(Unaudited but reviewed)

24. 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 nine-month periods ended 30 September 2017 and 2016, respectively.

(Unit: Million Baht)

	For the three-month period ended 30 September 2017				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	748	153	26	-	927
Intersegment revenues	(25)	(3)	(5)	-	(33)
Revenue from external customers	<u>723</u>	<u>150</u>	<u>21</u>	<u>-</u>	<u>894</u>
Results:					
Segment results	<u>(56)</u>	<u>(21)</u>	<u>7</u>	<u>(31)</u>	<u>(101)</u>
Unallocated income					<u>118</u>
Profit from operations and other income					17
Interest income	-	8	-	-	8
Finance cost	(32)	(9)	-	(3)	(44)
Share of profit (loss) from investments in associates	(3)	(1)	-	11	<u>7</u>
Loss before income tax expenses					(12)
Income tax expenses	9	11	(1)	(21)	<u>(2)</u>
Loss for the period					<u>(14)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2016

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	758	159	26	-	943
Intersegment revenues	(46)	(11)	(3)	-	(60)
Revenue from external customers	<u>712</u>	<u>148</u>	<u>23</u>	-	<u>883</u>
Results:					
Segment results	<u>(55)</u>	<u>7</u>	<u>4</u>	<u>(52)</u>	(96)
Unallocated income					<u>11</u>
Loss from operations and other income					(85)
Interest income	-	9	-	-	9
Finance cost	(27)	(18)	-	(1)	(46)
Share of loss from investment in associate	(4)	-	-	-	(4)
Loss before income tax expenses					(126)
Income tax expenses	7	(1)	(1)	7	<u>12</u>
Loss for the period					<u>(114)</u>

(Unit: Million Baht)

For the nine-month period ended 30 September 2017

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	2,780	474	82	-	3,336
Intersegment revenues	(129)	(5)	(10)	-	(144)
Revenue from external customers	<u>2,651</u>	<u>469</u>	<u>72</u>	-	<u>3,192</u>
Results:					
Segment results	<u>126</u>	<u>(47)</u>	<u>20</u>	<u>(120)</u>	(21)
Unallocated income					<u>124</u>
Profit from operations and other income					103
Interest income	1	25	1	-	27
Finance cost	(88)	(35)	-	(10)	(133)
Share of profit (loss) from investments					
in associates	(48)	(2)	-	35	(15)
Loss before income tax expenses					(18)
Income tax expenses	(24)	1	(4)	(13)	<u>(40)</u>
Loss for the period					<u>(58)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month period ended 30 September 2016				
	Hotel	Property	Office	Head Office	Total
	Business	Development	Rental		
Revenue:					
Segment revenue					
Total revenues	2,724	973	80	-	3,777
Intersegment revenues	(153)	(13)	(12)	-	(178)
Revenue from external customers	<u>2,571</u>	<u>960</u>	<u>68</u>	<u>-</u>	<u>3,599</u>
Results:					
Segment results	<u>117</u>	<u>203</u>	<u>13</u>	<u>(133)</u>	200
Unallocated income					<u>38</u>
Profit from operations and other income					238
Interest income	1	30	-	1	32
Finance cost	(86)	(53)	-	(6)	(145)
Share of loss from investment in associate	(34)	(1)	-	-	<u>(35)</u>
Profit before income tax expenses					90
Income tax expenses	(21)	(56)	(3)	23	<u>(57)</u>
Profit for the period					<u>33</u>

25. 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:

	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
Foreign	September	December	September	December	September	December	September	December	September	December
currency	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2	2	-	-	-	-	-	-	33.3281	35.7843

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 4 October 2016, the defendants submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the defendants also submitted the counter - statement to object the request of submitting the appeal of the plaintiffs.

27. Reclassification

Certain amounts in the income statements for the three-month and nine-month periods ended 30 September 2016 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 September 2016			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
	Income statement			
Selling expense	74,656	69,981	1,439	254
Administrative expense	344,204	348,879	37,487	38,672

(Unit: Thousand Baht)

	For the nine-month ended 30 September 2016			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
	Income statement			
Selling expense	269,401	245,848	6,751	3,158
Administrative expense	1,020,158	1,043,711	117,597	121,190

28. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2017.