

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Review report and interim consolidated financial statements
For the three-month periods ended 31 March 2018

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 31 March 2018, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-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 period. 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 May 2018

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2018

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-------------------|-------------------------------|------------------|
| | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 3 | 919,458 | 1,009,981 | 55,837 | 40,238 |
| Current investment - short-term fixed deposit | | 13,007 | 13,007 | - | - |
| Trade and other receivables | 4 | 665,590 | 704,568 | 80,515 | 46,323 |
| Inventories | | 112,000 | 112,598 | - | - |
| Property development cost | 6 | 4,050,971 | 3,985,979 | 127,157 | 127,157 |
| Other current assets | | 164,687 | 138,879 | 20,308 | 14,796 |
| Total current assets | | 5,925,713 | 5,965,012 | 283,817 | 228,514 |
| 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 | 310,936 | 322,175 | - | - |
| Investments in subsidiaries | 8 | - | - | 4,242,655 | 4,242,655 |
| Investments in associates | 9 | 966,814 | 928,399 | 777,454 | 777,454 |
| Other long-term investments | 10 | 606,365 | 606,365 | - | - |
| Long-term loans to subsidiaries | 5 | - | - | 993,500 | 978,001 |
| Investment properties | 11 | 1,165,360 | 1,165,334 | 185,727 | 185,727 |
| Property, plant and equipment | 12 | 11,264,067 | 11,299,858 | 58,413 | 60,216 |
| Deferred tax assets | | 91,429 | 98,128 | - | - |
| Goodwill | | 407,904 | 407,904 | - | - |
| Leasehold rights | | 10,545 | 11,461 | - | - |
| Other non-current assets | | 10,996 | 76,853 | 1,291 | 1,291 |
| Total non-current assets | | 14,836,635 | 14,918,696 | 6,261,218 | 6,247,522 |
| Total assets | | 20,762,348 | 20,883,708 | 6,545,035 | 6,476,036 |

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 31 March 2018

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|-------------------|-------------------------------|------------------|
| | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 13 | 240,000 | 510,000 | 240,000 | 260,000 |
| Trade and other payables | 14 | 818,679 | 924,895 | 41,746 | 34,521 |
| Current portion of long-term loans from financial institutions | 16 | 541,750 | 518,610 | 500 | 500 |
| Current portion of unsecured debenture | 17 | 498,490 | 497,980 | - | - |
| Income tax payable | | 74,678 | 38,182 | - | - |
| Advance received from customers | | 987,440 | 812,248 | 269 | 180 |
| Other current liabilities | 15 | 227,786 | 166,558 | 15,846 | 7,892 |
| Total current liabilities | | 3,388,823 | 3,468,473 | 298,361 | 303,093 |
| Non-current liabilities | | | | | |
| Long-term loans from subsidiaries | 5 | - | - | 428,000 | 346,000 |
| Long-term loans from financial institutions - net of current portion | 16 | 2,050,469 | 2,207,870 | 74,000 | 74,125 |
| Provision for long-term employee benefits | | 55,732 | 55,168 | 14,896 | 14,787 |
| Long-term provision - provision for legal case | 24 | 31,017 | 41,018 | - | - |
| Deferred tax liabilities | | 2,337,915 | 2,339,128 | 116,009 | 117,209 |
| Other non-current liabilities | | 115,599 | 111,373 | 5,599 | 5,569 |
| Total non-current liabilities | | 4,590,732 | 4,754,557 | 638,504 | 557,690 |
| Total liabilities | | 7,979,555 | 8,223,030 | 936,865 | 860,783 |
| 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 | | 3,089,199 | 2,970,280 | 1,524,488 | 1,531,571 |
| Other components of shareholders' equity | | 4,924,741 | 4,922,513 | 142,719 | 142,719 |
| Equity attributable to owner of the Company | | 12,523,034 | 12,401,887 | 5,608,170 | 5,615,253 |
| Equity attributable to non-controlling interests of the subsidiaries | | 259,759 | 258,791 | - | - |
| Total shareholders' equity | | 12,782,793 | 12,660,678 | 5,608,170 | 5,615,253 |
| Total liabilities and shareholders' equity | | 20,762,348 | 20,883,708 | 6,545,035 | 6,476,036 |

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 31 March 2018**

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

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|------------------|-------------------------------|-----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| Revenue | | | | | |
| Revenue from hotel operations | | 1,246,148 | 1,171,318 | 21,449 | 21,173 |
| Revenue from property development operations | | 243,120 | 144,754 | - | - |
| Revenue from office rental operations | | 23,519 | 26,048 | 5,250 | 5,767 |
| Interest income | | 7,647 | 8,876 | 10,688 | 16,462 |
| Other income | | 6,031 | 4,884 | 30,246 | 13,764 |
| Total revenue | | 1,526,465 | 1,355,880 | 67,633 | 57,166 |
| Expenses | | | | | |
| Cost of hotel operations | | 613,622 | 570,291 | 11,145 | 11,159 |
| Cost of property development operations | | 152,174 | 88,108 | - | - |
| Cost of office rental operations | | 10,384 | 14,178 | 1,609 | 1,648 |
| Selling expenses | | 109,569 | 94,974 | 308 | 61 |
| Administrative expenses | 20 | 474,537 | 403,180 | 53,136 | 48,575 |
| Total expenses | | 1,360,286 | 1,170,731 | 66,198 | 61,443 |
| Profit (loss) before share of profit (loss) from investments | | | | | |
| in associates, finance cost and income tax expenses | | 166,179 | 185,149 | 1,435 | (4,277) |
| Share of profit (loss) from investments in associates | 9 | 41,394 | (1,066) | - | - |
| Profit (loss) before finance cost and income tax expenses | | 207,573 | 184,083 | 1,435 | (4,277) |
| Finance cost | | (41,015) | (47,007) | (9,718) | (13,652) |
| Profit (loss) before income tax expenses | | 166,558 | 137,076 | (8,283) | (17,929) |
| Income tax expenses | 18 | (47,060) | (26,119) | 1,200 | 1,099 |
| Profit (loss) for the period | | 119,498 | 110,957 | (7,083) | (16,830) |
| Profit (loss) attributable to: | | | | | |
| Equity holders of the Company | | 118,284 | 110,426 | (7,083) | (16,830) |
| Non-controlling interests of the subsidiaries | | 1,214 | 531 | | |
| | | 119,498 | 110,957 | | |
| Basic earnings per share | | | | | |
| Profit (loss) attributable to equity holders of the Company | 19 | 0.71 | 0.66 | (0.04) | (0.10) |

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 31 March 2018

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|----------------|--------------------------------------|-----------------|
| <u>Note</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Profit (loss) for the period | <u>119,498</u> | <u>110,957</u> | <u>(7,083)</u> | <u>(16,830)</u> |
| Other comprehensive income (loss): | | | | |
| <i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i> | | | | |
| Exchange differences on translation of financial statements in foreign currency | 5,596 | 3,993 | - | - |
| Share of other comprehensive income (loss) of associates | 9 (2,979) | (10,396) | - | - |
| Other comprehensive income (loss) for the period | <u>2,617</u> | <u>(6,403)</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income (loss) for the period | <u>122,115</u> | <u>104,554</u> | <u>(7,083)</u> | <u>(16,830)</u> |
| Total comprehensive income (loss) attributable to: | | | | |
| Equity holders of the Company | 121,147 | 103,735 | <u>-7,083</u> | <u>-16,830</u> |
| Non-controlling interests of the subsidiaries | <u>968</u> | <u>819</u> | | |
| | <u>122,115</u> | <u>104,554</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

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | | | | |
|---|-------------------|------------------|-----------------|----------------------------------|---|-------------------------------|--|--|--|--|---------------------|----------------------------|
| Equity attributable to the owners of the Company | | | | | | | | | | | | |
| Other components of shareholders' equity | | | | | | | | | | | | |
| Other comprehensive income | | | | | | | | | | | | |
| Issued and fully paid-up | Retained earnings | | | | Exchange differences on translation of financial statements in foreign currency | Revaluation surplus on assets | Share of other comprehensive income (loss) of associates | Total other components of shareholders' equity | Total equity attributable to shareholders of the Company | Equity attributable to non-controlling interests | | Total shareholders' equity |
| | share capital | Share premium | Capital reserve | Appropriated - statutory reserve | | | | | | Unappropriated | of the subsidiaries | |
| 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 for the period | - | - | - | - | 110,426 | - | - | - | - | 110,426 | 531 | 110,957 |
| Other comprehensive income (loss) for the period | - | - | - | - | - | 3,705 | - | (10,396) | (6,691) | (6,691) | 288 | (6,403) |
| Total comprehensive income (loss) for the period | - | - | - | - | 110,426 | 3,705 | - | (10,396) | (6,691) | 103,735 | 819 | 104,554 |
| Balance as at 31 March 2017 | <u>1,666,827</u> | <u>2,062,461</u> | <u>568,131</u> | <u>211,675</u> | <u>3,062,800</u> | <u>109,340</u> | <u>4,801,621</u> | <u>17,775</u> | <u>4,928,736</u> | <u>12,500,630</u> | <u>289,226</u> | <u>12,789,856</u> |
| Balance as at 1 January 2018 | 1,666,827 | 2,062,461 | 568,131 | 211,675 | 2,970,280 | 113,691 | 4,799,913 | 8,909 | 4,922,513 | 12,401,887 | 258,791 | 12,660,678 |
| Profit for the period | - | - | - | - | 118,284 | - | - | - | - | 118,284 | 1,214 | 119,498 |
| Other comprehensive income (loss) for the period | - | - | - | - | - | 5,842 | - | (2,979) | 2,863 | 2,863 | (246) | 2,617 |
| Total comprehensive income (loss) for the period | - | - | - | - | 118,284 | 5,842 | - | (2,979) | 2,863 | 121,147 | 968 | 122,115 |
| Reversal of revaluation surplus on disposal of assets | - | - | - | - | 635 | - | (635) | - | (635) | - | - | - |
| Balance as at 31 March 2018 | <u>1,666,827</u> | <u>2,062,461</u> | <u>568,131</u> | <u>211,675</u> | <u>3,089,199</u> | <u>119,533</u> | <u>4,799,278</u> | <u>5,930</u> | <u>4,924,741</u> | <u>12,523,034</u> | <u>259,759</u> | <u>12,782,793</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 three-month period ended 31 March 2018

(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 - | | Other comprehensive income | | |
| | | | Statutory reserve | Unappropriated | Revaluation surplus on assets | | |
| Balance as at 1 January 2017 | 1,666,827 | 2,062,461 | 211,675 | 1,480,927 | 142,719 | 142,719 | 5,564,609 |
| Loss for the period | - | - | - | (16,830) | - | - | (16,830) |
| Other comprehensive income (loss) for the period | - | - | - | - | - | - | - |
| Total comprehensive income (loss) for the period | - | - | - | (16,830) | - | - | (16,830) |
| Balance as at 31 March 2017 | <u>1,666,827</u> | <u>2,062,461</u> | <u>211,675</u> | <u>1,464,097</u> | <u>142,719</u> | <u>142,719</u> | <u>5,547,779</u> |
| Balance as at 1 January 2018 | 1,666,827 | 2,062,461 | 211,675 | 1,531,571 | 142,719 | 142,719 | 5,615,253 |
| Loss for the period | - | - | - | (7,083) | - | - | (7,083) |
| Other comprehensive income (loss) for the period | - | - | - | - | - | - | - |
| Total comprehensive income (loss) for the period | - | - | - | (7,083) | - | - | (7,083) |
| Balance as at 31 March 2018 | <u>1,666,827</u> | <u>2,062,461</u> | <u>211,675</u> | <u>1,524,488</u> | <u>142,719</u> | <u>142,719</u> | <u>5,608,170</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 three-month period ended 31 March 2018**

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------|--------------------------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Cash flows from operating activities | | | | |
| Profit (loss) before income tax expenses | 166,558 | 137,076 | (8,283) | (17,929) |
| Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 91,536 | 87,111 | 2,078 | 1,546 |
| Amortisation of leasehold rights | 623 | 645 | - | - |
| Amortisation of transaction costs related to debenture issuance | 510 | 510 | - | - |
| Allowance for doubtful accounts (reversal) | (426) | (10,778) | - | 1,730 |
| Reduction of inventory to net realisable value | 396 | 510 | - | - |
| Share of loss (profit) from investments in associates | (41,394) | 1,066 | - | - |
| Gain on sale of property, plant and equipment | (63) | (52) | - | - |
| Write off property, plant and equipment | 141 | 39 | - | - |
| Provision for impairment of deposit for purchase of land | 64,712 | - | - | - |
| Provision for long-term employee benefits | 1,220 | 1,337 | 109 | 97 |
| Provision for loss on legal case | - | 110 | - | - |
| Forfeited money from property units | - | (12,522) | - | - |
| Interest income | (7,647) | (8,876) | (10,688) | (16,462) |
| Interest expenses | 41,015 | 47,007 | 9,718 | 13,652 |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 317,181 | 243,183 | (7,066) | (17,366) |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 39,364 | 34,360 | (36,298) | (19,282) |
| Inventories | 201 | (7,736) | - | - |
| Property development cost | (64,462) | (8,863) | - | (263) |
| Other current assets | (21,721) | (12,456) | (4,443) | (4,154) |
| Long-term trade accounts receivable | 11,238 | 50,388 | - | - |
| Other non-current assets | 1,145 | (234) | - | - |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (100,081) | (122,928) | 1,350 | 6,285 |
| Amounts due to related parties | (4,934) | - | 7,172 | - |
| Advance received from customers | 175,193 | (31,223) | 89 | (203) |
| Other current liabilities | 61,185 | 41,865 | 8,004 | 4,793 |
| Provision for long-term employee benefits | (656) | (555) | - | - |
| Long-term provision - provision for legal case | (10,000) | - | - | - |
| Other non-current liabilities | 4,225 | 5,399 | 30 | 119 |
| Cash flows from (used in) operating activities | 407,878 | 191,200 | (31,162) | (30,071) |
| Cash received for interest income | 7,687 | 8,918 | 12,794 | 1,660 |
| Cash paid for interest expenses | (42,745) | (48,713) | (11,015) | (2,640) |
| Cash paid for income tax | (9,166) | (7,859) | (1,069) | (1,107) |
| Net cash flows from (used in) operating activities | 363,654 | 143,546 | (30,452) | (32,158) |

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 three-month period ended 31 March 2018

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------------|--------------------------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Cash flows from investing activities | | | | |
| Cash received from long-term loans to subsidiaries | - | - | 336,001 | 235,500 |
| Cash paid for long-term loans to subsidiaries | - | - | (351,500) | (128,000) |
| Cash paid for acquisition of investment properties | (26) | (2,545) | - | - |
| Cash received from sales of property, plant and equipment | 636 | 368 | - | 1 |
| Cash paid for acquisition of property, plant and equipment | (58,989) | (30,490) | (325) | (464) |
| Net cash flows from (used in) investing activities | (58,379) | (32,667) | (15,824) | 107,037 |
| Cash flows from financing activities | | | | |
| Decrease in short-term loans from financial institutions | (270,000) | (35,000) | (20,000) | (5,000) |
| Draw down of long-term loans from subsidiaries | - | - | 242,000 | 50,000 |
| Repayment of long-term loans from subsidiaries | - | - | (160,000) | (179,500) |
| Draw down of long-term loans from financial institutions | - | 86,688 | - | 75,000 |
| Repayment of long-term loans from financial institutions | (134,261) | (169,739) | (125) | - |
| Net cash flows from (used in) financing activities | (404,261) | (118,051) | 61,875 | (59,500) |
| Net exchange differences on translation of financial statements in foreign currency | 8,463 | 5,371 | - | - |
| Net increase (decrease) in cash and cash equivalents | (90,523) | (1,801) | 15,599 | 15,379 |
| Cash and cash equivalents at beginning of period | 1,009,981 | 669,770 | 40,238 | 18,206 |
| Cash and cash equivalents at end of period | 919,458 | 667,969 | 55,837 | 33,585 |
| | - | - | - | - |
| Supplemental cash flows information | | | | |
| Non-cash items | | | | |
| Share of comprehensive income (loss) of associates | (2,979) | (10,396) | - | - |
| Reversal of revaluation surplus on disposal of assets | 635 | - | - | - |
| Interest recorded as property development cost | 530 | 2,798 | - | - |

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 period ended 31 March 2018

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 Change of the Company's structure of major shareholders from the Tender Offer

On 26 February 2018, the Company received a letter from Banyan Tree Holdings Limited and Banyan Tree Resorts & Spas (Thailand) Company Limited (the "Group of Offerors"), which held 54.22% in aggregate of the issued and paid-up shares of the Company, expressing their intention to launch a voluntary tender offer to acquire all the remaining 76 million ordinary shares of the Company, representing 45.78% of the total issued and paid up shares of the Company at the offering price of Baht 40 per share.

As a result from the voluntary tender offer, the Group of Offerors now hold 74.75% in aggregate of the total issued and paid-up shares of the Company. Based on the share registered book dated 18 April 2018, Banyan Tree Holdings Limited Group of Companies hold 86.28% of the total issued and paid-up shares, including those with voting and non-voting rights, of the Company. (31 December 2017: 65.75%)

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, 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.

1.4 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 2017. There have been no changes in the composition of the subsidiaries during the current period.

1.5 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 2017.

3. Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---------------|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| Cash | 4,908 | 7,836 | 136 | 131 |
| Bank deposits | 914,550 | 1,002,145 | 55,701 | 40,107 |
| Total | 919,458 | 1,009,981 | 55,837 | 40,238 |

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| <u>Trade accounts receivable</u> | | | | |
| Trade accounts receivable - hotel operations | 225,611 | 256,674 | 6,363 | 6,378 |
| Less: Allowance for doubtful accounts | (7,097) | (7,430) | (3,300) | (3,300) |
| Trade accounts receivable - hotel operations, net | 218,514 | 249,244 | 3,063 | 3,078 |
| Trade accounts receivable - sales of property | | | | |
| - Installments due | 34,204 | 51,499 | - | - |
| Current portion of long-term trade | | | | |
| accounts receivable (Note 7) | 184,456 | 196,269 | - | - |
| Trade accounts receivable - sales of property, net | 218,660 | 247,768 | - | - |
| Trade accounts receivable - sales of holiday club | | | | |
| memberships - installments due and trade account | | | | |
| receivable from sales and marketing services for | | | | |
| holiday club memberships | 135,187 | 114,166 | - | - |
| Current portion of long-term trade | | | | |
| accounts receivable (Note 7) | 3,038 | 3,995 | - | - |
| Trade accounts receivable - sales of holiday club | | | | |
| memberships and sales and marketing services for | | | | |
| holiday club memberships, net | 138,225 | 118,161 | - | - |
| Trade accounts receivable - net | 575,399 | 615,173 | 3,063 | 3,078 |
| <u>Other receivables</u> | | | | |
| Amounts due from related parties (Note 5) | 49,578 | 51,161 | 47,524 | 22,969 |
| Other receivables | 7,203 | 14,451 | 30 | 56 |
| Insurance claim receivable | 392 | 413 | - | - |
| Accrued other income | 3,342 | 3,291 | 222 | 189 |
| Interest receivable | 74 | 114 | 74 | 67 |
| Accrued rental income | 29,602 | 19,965 | 29,602 | 19,964 |
| Total other receivables | 90,191 | 89,395 | 77,452 | 43,245 |
| Trade and other receivables, net | 665,590 | 704,568 | 80,515 | 46,323 |

(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 | |
| | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| <u>Age of receivables</u> | | | | |
| Not yet due | 93,616 | 146,159 | 131 | 146 |
| Past due | | | | |
| Up to 30 days | 73,603 | 71,024 | 198 | 139 |
| 31 - 60 days | 26,301 | 15,123 | 141 | 146 |
| 61 - 90 days | 8,386 | 6,489 | 91 | 101 |
| 91 - 120 days | 3,438 | 2,564 | 49 | 61 |
| Over 120 days | 20,267 | 15,315 | 5,753 | 5,785 |
| Total | 225,611 | 256,674 | 6,363 | 6,378 |
| Less: Allowance for doubtful debts | (7,097) | (7,430) | (3,300) | (3,300) |
| Trade accounts receivable - hotel operations, net | <u>218,514</u> | <u>249,244</u> | <u>3,063</u> | <u>3,078</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 | |
| | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| <u>Age of receivables</u> | | | | |
| Not yet due | 184,385 | 209,131 | - | - |
| Past due | | | | |
| Up to 30 days | 10,015 | 10,333 | - | - |
| 31 - 60 days | 6,483 | 5,984 | - | - |
| 61 - 90 days | 3,576 | 3,876 | - | - |
| 91 - 120 days | 2,629 | 2,982 | - | - |
| Over 120 days | 11,572 | 15,462 | - | - |
| Trade accounts receivable - sales of property, net | <u>218,660</u> | <u>247,768</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 | |
| | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| <u>Age of receivables</u> | | | | |
| Not yet due | 15,140 | 36,030 | - | - |
| Past due | | | | |
| Up to 30 days | 9,262 | 10,462 | - | - |
| 31 - 60 days | 373 | 46 | - | - |
| 61 - 90 days | 47,736 | 42 | - | - |
| 91 - 120 days | 9,627 | 14 | - | - |
| Over 120 days | 53,049 | 67,572 | - | - |
| Trade accounts receivable - sales of holiday club membership - installment due and trade account receivable from sales and marketing services for holiday club memberships, net | 135,187 | 114,166 | - | - |

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 31 March | | | | Transfer pricing policy |
|---|--|------|----------|------|-------------------------|
| | Consolidated | | Separate | | |
| | 2018 | 2017 | 2018 | 2017 | |
| <u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements) | | | | | |
| Guarantee fee expenses | - | - | 1 | 1 | (3) agreed basis |
| Interest income | - | - | 11 | 16 | (5) agreement |
| Interest expenses | - | - | 7 | 11 | (5) agreement |
| Management fee income | - | - | 26 | 11 | (4), (7) agreed basis |

(Unaudited but reviewed)

(Unit: Million Baht)

| | For the three-month periods ended 31 March | | | | Transfer pricing policy |
|---|--|------|----------------------|------|--|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2018 | 2017 | 2018 | 2017 | |
| <u>Transactions with subsidiaries (continued)</u> | | | | | |
| Reimbursement receipts | - | - | 2 | 4 | (11) agreed basis |
| Reimbursement payments | - | - | 3 | 3 | (11) agreed basis |
| Rental and service income | - | - | 1 | 1 | (12)(i), (iii) agreement |
| Rental and service expenses | - | - | 2 | 2 | (12)(iv), (v) agreement |
| Resort service expenses | - | - | 1 | 1 | (14) agreed basis |
| <u>Transactions with associates</u> | | | | | |
| Reimbursement receipts | 1 | - | - | - | (11) agreed basis |
| Rental and service income | 5 | - | - | - | (12)(iv) agreement |
| <u>Transactions with related companies</u> | | | | | |
| Inter resort payments | 23 | 23 | - | - | (1) agreed basis |
| Management fee income | 1 | 1 | - | - | (16), (17) agreement |
| Management fee expenses | 103 | 86 | - | - | (6), (15), (18) agreement |
| Purchase of spa & gallery vouchers | 6 | 8 | 2 | 2 | (2), (8) agreed basis |
| Sale of goods | 8 | 7 | - | - | (9) agreed basis |
| Reimbursement receipts | 14 | 13 | 4 | 2 | (11) agreed basis |
| Reimbursement payments | 8 | 14 | 1 | 3 | (11) agreed basis |
| Rental and service income | 8 | 12 | - | - | (12)(i), (ii), (iv), (vi), (vii) agreement |
| Rental return on hotel units | 1 | 1 | - | - | (13) agreement |
| Resort service income | 1 | 2 | - | - | (14) agreed basis |
| Training charges | 3 | 2 | - | - | (10) agreed basis |

(Unaudited but reviewed)

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, Banyan Tree Lijiang and Laguna Golf Bintan primarily for treatments at the spa, goods purchased at the shops and golf fees at golf course.
- (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 55% discount to the Spa price list. The Gallery vouchers are priced at 20% 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 20 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, Angsana Villas Resort 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 15% to 30% 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 30% and 40% 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 2019 |

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>31 March 2018</u> | <u>31 December 2017</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>31 March 2018</u> | <u>31 December 2017</u> |
|--|----------------------|-------------------------|
| Short-term loan facilities | 150 | 150 |
| Long-term loan facilities | 900 | 900 |
| Overdrafts and bank guarantee facilities | 20 | 20 |

As at 31 March 2018 and 31 December 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|--------------------|----------------------|--------------------|
| | financial statements | | financial statements | |
| | <u>31 March</u> | <u>31 December</u> | <u>31 March</u> | <u>31 December</u> |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Amounts due from related parties | | | | |
| Subsidiaries | - | - | 44,368 | 22,319 |
| Associated companies | 58 | 109 | - | - |
| Related companies (related by common shareholders) | 49,520 | 51,052 | 3,156 | 650 |
| Total amounts due from related parties (Note 4) | <u>49,578</u> | <u>51,161</u> | <u>47,524</u> | <u>22,969</u> |
| Amounts due to related parties | | | | |
| Subsidiaries | - | - | 13,591 | 10,219 |
| Associated companies | - | - | - | - |
| Related companies (related by common shareholders) | 120,680 | 125,614 | 5,320 | 2,737 |
| Total amounts due to related parties (Note 14) | <u>120,680</u> | <u>125,614</u> | <u>18,911</u> | <u>12,956</u> |

(Unaudited but reviewed)

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

As at 31 March 2018 and 31 December 2017, 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 | | | |
|-----------------------------|-------------------------------|----------------|------------------|----------------|
| | 31 December | | | 31 March |
| | 2017 | Addition | Repayment | 2018 |
| Laguna Banyan Tree Limited | 389,000 | 133,000 | (139,000) | 383,000 |
| Laguna Holiday Club Limited | 195,000 | 1,500 | (32,000) | 164,500 |
| Laguna Lakes Limited | 394,001 | - | (32,001) | 362,000 |
| Laguna Grande Limited | - | 217,000 | (133,000) | 84,000 |
| Total | <u>978,001</u> | <u>351,500</u> | <u>(336,001)</u> | <u>993,500</u> |

Long-term loans from subsidiaries

(Unit: Thousand Baht)

| | Separate financial statements | | | |
|------------------------|-------------------------------|----------------|------------------|----------------|
| | 31 December | | | 31 March |
| | 2017 | Addition | Repayment | 2018 |
| Laguna Grande Limited | - | 10,000 | (10,000) | - |
| Laguna (3) Limited | 26,000 | - | - | 26,000 |
| TWR - Holdings Limited | 320,000 | 232,000 | (150,000) | 402,000 |
| Total | <u>346,000</u> | <u>242,000</u> | <u>(160,000)</u> | <u>428,000</u> |

Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, 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 | |
|-----------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | Short-term employee benefits | 29,022 | 27,045 | 17,518 |
| Post-employment benefits | 753 | 704 | 409 | 390 |
| Other long-term employee benefits | 9 | 9 | 5 | 6 |
| Total | <u>29,784</u> | <u>27,758</u> | <u>17,932</u> | <u>17,003</u> |

(Unaudited but reviewed)

6. Property development cost

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|------------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| Property for sale under holiday club memberships | 410,918 | 420,172 | - | - |
| Completed buildings | 853,953 | 806,596 | - | - |
| Land | 1,897,197 | 1,954,124 | 111,429 | 111,429 |
| Property under construction | 888,903 | 805,087 | 15,728 | 15,728 |
| Total | <u>4,050,971</u> | <u>3,985,979</u> | <u>127,157</u> | <u>127,157</u> |

Subsidiaries have mortgaged property development cost amounting to Baht 957 million (31 December 2017: Baht 978 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 3 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.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|------------------|
| | 31 March 2018 | 31 December 2017 |
| Current portion of long-term trade accounts receivable | 187,494 | 200,264 |
| Long-term trade accounts receivable | <u>310,936</u> | <u>322,175</u> |
| Total | <u>498,430</u> | <u>522,439</u> |
| Sales of property | | |
| Within 1 year (Note 4) | 184,456 | 196,269 |
| Over 1 year to 5 years | 308,540 | 319,337 |
| Over 5 years | <u>388</u> | <u>347</u> |
| Long-term trade accounts receivable - sales of property | <u>493,384</u> | <u>515,953</u> |
| Sales of holiday club memberships | | |
| Within 1 year (Note 4) | 3,038 | 3,995 |
| Over 1 year to 5 years | <u>2,008</u> | <u>2,491</u> |
| Long-term trade accounts receivable - sales of holiday club memberships | <u>5,046</u> | <u>6,486</u> |
| Total | <u>498,430</u> | <u>522,439</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 | |
|---|---------------------|---------------------|-------------------------|-------------|-----------------|-----------------|
| | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | 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 ⁽²⁾ | 1,000.0 | 1,000.0 | 100.0 | 100.0 | 958.5 | 958.5 |
| Laguna Lakes Limited | 1.0 | 1.0 | 95.0 | 95.0 | 0.9 | 0.9 |
| Laguna Service Company Limited ⁽³⁾ | 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 2.3 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 ⁽⁴⁾ | - | - | - | - | - | - |
| <u>Subsidiary held through Laguna Holiday Club Limited</u> | | | | | | |
| Cheer Golden Limited | - | - | 100.0 | 100.0 | - | - |
| Total investments in subsidiaries | | | | | 4,242.7 | 4,242.7 |

(1) Laguna Banyan Tree Limited is held 49.0% by the Company and 51.0% through Bangtao Grande Limited.

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through 2 subsidiaries.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through 2 subsidiaries.

(4) Laguna Central Limited had registered the dissolution and liquidation with the Ministry of Commerce on 19 December 2017 and 29 December 2017, respectively.

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

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 | |
| | | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | | (%) | (%) | | | | |
| 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 | 807,937 | 807,281 |
| Banyan Tree China Pte. Ltd. | Holding company | Singapore | 10.69 | 10.69 | 125,057 | 125,057 | 158,877 | 121,118 |
| Total investments in associates - net | | | | | 902,511 | 902,511 | 966,814 | 928,399 |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | | | |
|---------------------------------|--|--------------------------|-------------------------------|------------------|---------------|------------------|--|--|
| | | | Shareholding percentage | | Cost | | | |
| | | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | | |
| | | | (%) | (%) | | | | |
| 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 | | |

As at 31 March 2018 and 31 December 2017, 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)

(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 | | For the three-month periods ended | |
| | 31 March | | 31 March | |
| | 2018 | 2017 | 2018 | 2017 |
| Lijiang Banyan Tree Hotel Co., Ltd. | - | (14,608) | - | (9,673) |
| Banyan Tree China Pte. Ltd. | 40,484 | - | (2,725) | - |
| Thai Wah Public Company Limited | 910 | 13,542 | (254) | (723) |
| Total | 41,394 | (1,066) | (2,979) | (10,396) |

(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 | |
|---------------------------------|-------------------|------------------|
| | 31 March 2018 | 31 December 2017 |
| Thai Wah Public Company Limited | 1,104 | 826 |

10. Other long-term investments

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|--|-----------------------------------|------------------|
| | 31 March 2018 | 31 December 2017 |
| 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 | <u>606,365</u> | <u>606,365</u> |

11. Investment properties

As at 31 March 2018, the subsidiaries have pledged investment properties amounting to approximately Baht 675 million (31 December 2017: Baht 675 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 24.

(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 2017 | 16,066,651 | 153,697 |
| Additions | 58,989 | 325 |
| Disposals and write off | (42,728) | (8) |
| Adjustments | (3,165) | (50) |
| Balance as at 31 March 2018 | <u>16,079,747</u> | <u>153,964</u> |
| Accumulated depreciation | | |
| Balance as at 31 December 2017 | (4,761,870) | (93,481) |
| Depreciation charged for the period | (91,578) | (2,078) |
| Disposals and write off | 42,015 | 8 |
| Adjustments | 634 | - |
| Balance as at 31 March 2018 | <u>(4,810,799)</u> | <u>(95,551)</u> |
| Allowance for impairment loss | | |
| Balance as at 31 December 2017 | (4,923) | - |
| Adjustments | 42 | - |
| Balance as at 31 March 2018 | <u>(4,881)</u> | <u>-</u> |
| Net book value | | |
| Balance as at 31 December 2017 | <u>11,299,858</u> | <u>60,216</u> |
| Balance as at 31 March 2018 | <u><u>11,264,067</u></u> | <u><u>58,413</u></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 7,357 million (31 December 2017: Baht 7,388 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 2017: 3.63%).

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 | |
| | 31 | 31 | 31 | 31 |
| March | December | March | December | |
| 2018 | 2017 | 2018 | 2017 | |
| Trade accounts payable | 235,544 | 330,676 | 843 | 1,666 |
| Amounts due to related parties (Note 5) | 120,680 | 125,614 | 18,911 | 12,956 |
| Accrued expenses | 182,786 | 223,511 | 11,323 | 12,714 |
| Other payables | 97,888 | 100,651 | 98 | 29 |
| Service charge payable to hotel staffs | 30,592 | 37,565 | - | - |
| Accrued rental to villa owners | 151,189 | 106,878 | 10,571 | 7,156 |
| Total | <u>818,679</u> | <u>924,895</u> | <u>41,746</u> | <u>34,521</u> |

15. Other current liabilities

| | (Unit: Thousand Baht) | | | |
|-------------------------|-----------------------|----------------|----------------------|--------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 31 | 31 | 31 | 31 |
| March | December | March | December | |
| 2018 | 2017 | 2018 | 2017 | |
| Value added tax payable | 72,108 | 60,386 | 9,217 | 3,022 |
| Unearned income | 65,889 | 35,418 | 1,465 | 72 |
| Other tax payable | 77,209 | 63,870 | 4,114 | 3,748 |
| Short-term provision | 12,580 | 6,884 | 1,050 | 1,050 |
| Total | <u>227,786</u> | <u>166,558</u> | <u>15,846</u> | <u>7,892</u> |

(Unaudited but reviewed)

16. Long-term loans from financial institutions

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|------------------|----------------------|---------------|
| | financial statements | | financial statements | |
| | 31 | 31 | 31 | 31 |
| | March | December | March | December |
| | 2018 | 2017 | 2018 | 2017 |
| Secured | <u>2,592,219</u> | <u>2,726,480</u> | <u>74,500</u> | <u>74,625</u> |
| Long-term loans are repayable as follows: | | | | |
| Within 1 year | 541,750 | 518,610 | 500 | 500 |
| Over 1 year to 5 years | 1,941,719 | 2,084,620 | 40,000 | 33,875 |
| Over 5 years | 108,750 | 123,250 | 34,000 | 40,250 |
| | <u>2,050,469</u> | <u>2,207,870</u> | <u>74,000</u> | <u>74,125</u> |
| Total | <u>2,592,219</u> | <u>2,726,480</u> | <u>74,500</u> | <u>74,625</u> |

Movements in the long-term loans account during the three-month period ended 31 March 2018 are summarised below:

(Unit: Thousand Baht)

| | Consolidated | Separate |
|--------------------------------|----------------------|----------------------|
| | financial statements | financial statements |
| Balance as at 31 December 2017 | 2,726,480 | 74,625 |
| Less: Repayments | (134,261) | (125) |
| Balance as 31 March 2018 | <u>2,592,219</u> | <u>74,500</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 31 March 2018, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 543 million (31 December 2017: Baht 543 million).

(Unaudited but reviewed)

17. Unsecured debenture

(Unit: Thousand Baht)

| | | | | | Consolidated financial statements | |
|---|------------|---------------|------------------|----------------|-----------------------------------|-------------|
| | Debenture | Interest rate | Terms | Due date | 31 March | 31 December |
| | | | | | 2018 | 2017 |
| 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 | | | | (1,510) | (2,020) | |
| Total Debenture - due within one year | | | | <u>498,490</u> | <u>497,980</u> | |

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. 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 periods ended 31 March 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

| | For the three-month periods ended 31 March | | | |
|---|--|---------------|----------------|----------------|
| | Consolidated | | Separate | |
| | 2018 | 2017 | 2018 | 2017 |
| Current income tax: | | | | |
| Interim corporate income tax charge | 41,439 | 33,773 | - | - |
| Adjustment in respect of income tax of previous year | 136 | - | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | 5,485 | (7,654) | (1,200) | (1,099) |
| Income tax expense reported in the income statement | <u>47,060</u> | <u>26,119</u> | <u>(1,200)</u> | <u>(1,099)</u> |

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 31 March | | | |
|---|--|---------|----------------------|----------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Profit (loss) attributable to equity holders of the Company (Thousand Baht) | 118,284 | 110,426 | (7,083) | (16,830) |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Earnings (loss) per share (Baht/share) | 0.71 | 0.66 | (0.04) | (0.10) |

20. Commitments

Capital commitment

As at 31 March 2018, 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 21 million (31 December 2017: Baht 22 million).
- b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 382 million (31 December 2017: Baht 412 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 company which has a mutual director with the subsidiary (the mutual director is an unauthorized signatory director of the subsidiary). 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. During the current period, the management has decided not to purchase of the remaining land, therefore, the subsidiary has fully set up provision for impairment of deposit for purchase of land amounting to Baht 65 million and recognised it as an expense in the income statement for the three-month period ended 31 March 2018.

Operating agreements

As at 31 March 2018, 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⁾ | 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⁾ | 1.1.2016 - 31.12.2025 | - 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⁾ | 1.7.2012 - 31.12.2021 | - 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 | Angsana Villas Resort Phuket | Banyan Tree Hotels & Resorts Pte. Limited ⁽¹⁾ | 1.8.2016 - 31.7.2041 | - Royalty fee: 2% of total revenue |
| | | Banyan Tree Hotels & Resorts (Thailand) Limited | 1.8.2016 - 31.7.2041 (c) | - Management fee: 7.5% of gross operating profit |
| Phuket Resort Development Limited | Cassia Phuket | Banyan Tree Hotels & Resorts Pte. Limited ⁽¹⁾ | 20.10.2015 - 19.10.2040 | - Royalty fee: 2% of total revenue |
| | | Banyan Tree Hotels & Resorts (Thailand) Limited | 20.10.2015 - 19.10.2040 (c) | - Management fee: 7.5% of gross operating profit |

(1) 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 31 March 2018 and 31 December 2017, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

| | Consolidated | | Separate | |
|-----------------------------|----------------------|----------|----------------------|----------|
| | financial statements | | financial statements | |
| | 31 | 31 | 31 | 31 |
| | March | December | March | December |
| | 2018 | 2017 | 2018 | 2017 |
| Payable within: | | | | |
| In up to 1 year | 17 | 19 | 5 | 5 |
| In over 1 and up to 5 years | 14 | 17 | 11 | 13 |

During the three-month period ended 31 March 2018, the Company and its subsidiaries recognised rental expenses of Baht 5 million (31 March 2017: Baht 8 million) (Separate financial statements: Baht 1 million, 31 March 2017: Baht 2 million).

Servitude over land

As at 31 March 2018, some subsidiaries have land servitude of approximately 11 rai (31 December 2017: 11 rai) at Phuket province, which are presented under property development cost and property, plant and equipment.

21. Guarantees

As at 31 March 2018, there are bank guarantees amounting to Baht 54 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 2017: Baht 54 million, Separate financial statements: Baht 2 million).

22. 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.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the three-month periods ended 31 March 2018 and 2017, respectively.

(Unit: Million Baht)

| | For the three-month period ended 31 March 2018 | | | | |
|---|--|-------------------------|------------------|-------------|--------------|
| | Hotel Business | Property Development | Office Rental | Head Office | Total |
| Revenue: | | | | | |
| Segment revenue | | | | | |
| Total revenues | 1,301 | 249 | 27 | - | 1,577 |
| Intersegment revenues | (55) | (6) | (3) | - | (64) |
| Revenue from external customers | <u>1,246</u> | <u>243</u> | <u>24</u> | <u>-</u> | <u>1,513</u> |
| Results: | | | | | |
| Segment results | <u>259</u> | <u>(60)</u> | <u>8</u> | <u>(54)</u> | 153 |
| Unallocated income | | | | | <u>6</u> |
| Profit from operations and other income | | | | | 159 |
| Interest income | - | 8 | - | - | 8 |
| Finance cost | (26) | (12) | - | (3) | (41) |
| Share of profit from investments in associates | | | | | <u>41</u> |
| Profit before income tax expenses | | | | | 167 |
| Income tax expenses | (43) | (3) | (2) | 1 | <u>(47)</u> |
| Profit for the period | | | | | <u>120</u> |

(Unit: Million Baht)

| | For the three-month period ended 31 March 2017 | | | | |
|---|--|-------------------------|------------------|-------------|--------------|
| | Hotel Business | Property Development | Office Rental | Head Office | Total |
| Revenue: | | | | | |
| Segment revenue | | | | | |
| Total revenues | 1,227 | 146 | 29 | - | 1,402 |
| Intersegment revenues | (56) | (1) | (3) | - | (60) |
| Revenue from external customers | <u>1,171</u> | <u>145</u> | <u>26</u> | <u>-</u> | <u>1,342</u> |
| Results: | | | | | |
| Segment results | <u>223</u> | <u>(7)</u> | <u>5</u> | <u>(50)</u> | 171 |
| Unallocated income | | | | | <u>5</u> |
| Profit from operations and other income | | | | | 176 |
| Interest income | - | 9 | - | - | 9 |
| Finance cost | (30) | (14) | - | (3) | (47) |
| Share of loss from investments in associates | | | | | <u>(1)</u> |
| Profit before income tax expenses | | | | | 137 |
| Income tax expenses | (37) | (3) | (1) | 15 | <u>(26)</u> |
| Profit for the period | | | | | <u>111</u> |

23. 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 | | | |
| | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 |
| Foreign | March | December | March | December | March | December | March | December | March | December |
| currency | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US Dollar | 2 | 2 | - | - | - | - | - | - | 31.1911 | 32.6407 |

24. 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.

(Unaudited but reviewed)

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.

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.

On 13 February 2018, the plaintiffs and the defendants completely signed a settlement agreement to settle the outstanding disputes in relation to this case. On 20 February 2018, the litigators of both parties jointly submitted petitions to the Conciliation Centre of the Supreme Court with a request for the Supreme Court to render its judgment as per the settlement agreement.

As at 31 December 2017, the subsidiaries set aside a provision of Baht 41.0 million for liabilities arising as a result of this case. Subsequently, on 27 February 2018, the subsidiaries paid a Baht 10 million to the plaintiffs as a part of the settlement agreement.

As at 31 March 2018, the subsidiaries have outstanding balance of provision for legal case of Baht 31.0 million. However, this provision will be adjusted as per court order when the case is final.

25. Event after the reporting period

On 27 April 2018, the Annual General Meeting of the Company's shareholders approved the payment of a dividend from the retained earnings as at 31 December 2017 to the Company's shareholders of Baht 0.38 per share, totaling Baht 63.34 million.

26. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 May 2018.