

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 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 30 September 2018, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2018, and the related consolidated statements of 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: 8 November 2018

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	437,641	1,009,981	13,909	40,238
Current investment - short-term fixed deposit		13,064	13,007	-	-
Trade and other receivables	4	558,126	704,568	58,201	46,323
Inventories		125,143	112,598	-	-
Property development cost	6	4,120,675	3,985,979	111,429	127,157
Other current assets		181,628	138,879	22,493	14,796
Total current assets		5,436,277	5,965,012	206,032	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	333,932	322,175	-	-
Investments in subsidiaries	8	-	-	4,242,655	4,242,655
Investments in associates	9	988,420	928,399	777,454	777,454
Other long-term investments	10	606,365	606,365	-	-
Long-term loans to subsidiaries	5	-	-	911,500	978,001
Investment properties	11	1,169,923	1,165,334	185,727	185,727
Property, plant and equipment	12	11,324,444	11,299,858	41,998	60,216
Deferred tax assets		101,286	98,128	-	-
Goodwill		407,904	407,904	-	-
Leasehold rights		9,257	11,461	-	-
Other non-current assets		11,858	76,853	1,342	1,291
Total non-current assets		14,955,608	14,918,696	6,162,854	6,247,522
Total assets		20,391,885	20,883,708	6,368,886	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 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 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	100,000	510,000	-	260,000
Trade and other payables	14	807,794	924,895	31,679	34,521
Current portion of long-term loans from financial institutions	16	617,534	518,610	2,750	500
Current portion of unsecured debenture	17	499,526	497,980	-	-
Income tax payable		7,603	38,182	-	-
Advance received from customers		1,128,711	812,248	195	180
Other current liabilities	15	159,967	166,558	29,596	7,892
Total current liabilities		3,321,135	3,468,473	64,220	303,093
Non-current liabilities					
Long-term loans from subsidiaries	5	-	-	571,000	346,000
Long-term loans from financial institutions - net of current portion	16	1,958,004	2,207,870	71,500	74,125
Provision for long-term employee benefits		48,407	55,168	12,849	14,787
Long-term provision - provision for legal case	26	3,700	41,018	-	-
Deferred tax liabilities		2,335,061	2,339,128	107,440	117,209
Other non-current liabilities		111,523	111,373	5,800	5,569
Total non-current liabilities		4,456,695	4,754,557	768,589	557,690
Total liabilities		7,777,830	8,223,030	832,809	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		2,923,573	2,970,280	1,456,071	1,531,571
Other components of shareholders' equity		4,930,114	4,922,513	139,043	142,719
Equity attributable to owner of the Company		12,362,781	12,401,887	5,536,077	5,615,253
Equity attributable to non-controlling interests of the subsidiaries		251,274	258,791	-	-
Total shareholders' equity		12,614,055	12,660,678	5,536,077	5,615,253
Total liabilities and shareholders' equity		20,391,885	20,883,708	6,368,886	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 30 September 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		683,354	722,883	4,148	2,500
Revenue from property development operations		404,768	149,654	-	-
Revenue from office rental operations		24,549	21,159	5,437	4,950
Interest income		7,187	7,776	10,237	12,132
Other income	18	3,853	118,172	22,588	58,276
Total revenue		1,123,711	1,019,644	42,410	77,858
Expenses					
Cost of hotel operations		443,782	461,304	5,336	1,118
Cost of property development operations		215,881	102,359	-	-
Cost of office rental operations		11,749	10,500	1,665	1,575
Selling expenses		102,014	94,203	861	502
Administrative expenses		357,947	326,660	57,175	42,509
Total expenses		1,131,373	995,026	65,037	45,704
Profit (loss) before share of profit (loss) from investments					
in associates, finance cost and income tax expenses					
Share of profit (loss) from investments in associates	9	(466)	6,767	-	-
Profit (loss) before finance cost and income tax expenses		(8,128)	31,385	(22,627)	32,154
Finance cost		(38,412)	(43,817)	(9,905)	(11,641)
Profit (loss) before income tax expenses		(46,540)	(12,432)	(32,532)	20,513
Income tax expenses	19	(14,853)	(1,755)	6,262	7,832
Profit (loss) for the period		(61,393)	(14,187)	(26,270)	28,345
Profit (loss) attributable to:					
Equity holders of the Company		(57,924)	(23,976)	(26,270)	28,345
Non-controlling interests of the subsidiaries		(3,469)	9,789		
		(61,393)	(14,187)		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	20	(0.35)	(0.14)	(0.16)	0.17

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 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) for the period		(61,393)	(14,187)	(26,270)	28,345
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		7,573	1,198	-	-
Share of other comprehensive income (loss) of associates	9	159	(5,122)	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		7,732	(3,924)	-	-
<i>Other comprehensive income (loss) reclassified 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		7,732	(18,513)	-	-
Total comprehensive income (loss) for the period		(53,661)	(32,700)	(26,270)	28,345
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(50,019)	(40,479)	(26,270)	28,345
Non-controlling interests of the subsidiaries		(3,642)	7,779		
		(53,661)	(32,700)		

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 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		2,646,483	2,650,500	29,413	28,459
Revenue from property development operations		989,671	469,139	-	-
Revenue from office rental operations		75,426	72,056	15,903	16,448
Interest income		23,675	26,901	31,172	43,899
Other income	18	12,673	124,651	105,554	104,304
Total revenue		3,747,928	3,343,247	182,042	193,110
Expenses					
Cost of hotel operations		1,525,370	1,515,837	22,064	22,514
Cost of property development operations		575,204	315,553	-	-
Cost of office rental operations		37,646	36,194	4,944	4,851
Selling expenses		318,533	283,964	1,257	658
Administrative expenses	22, 26	1,156,423	1,060,769	150,233	131,690
Total expenses		3,613,176	3,212,317	178,498	159,713
Profit before share of profit (loss) from investments in associates, finance cost and income tax expenses					
Share of profit (loss) from investments in associates	9	39,775	(15,230)	-	-
Profit before finance cost and income tax expenses		174,527	115,700	3,544	33,397
Finance cost		(118,532)	(133,154)	(29,149)	(37,888)
Profit (loss) before income tax expenses		55,995	(17,454)	(25,605)	(4,491)
Income tax expenses	19	(51,215)	(40,358)	9,768	9,933
Profit (loss) for the period		4,780	(57,812)	(15,837)	5,442
Profit (loss) attributable to:					
Equity holders of the Company		12,032	(65,528)	(15,837)	5,442
Non-controlling interests of the subsidiaries		(7,252)	7,716		
		4,780	(57,812)		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	20	0.07	(0.39)	(0.10)	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 nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) for the period		4,780	(57,812)	(15,837)	5,442
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		11,862	6,032	-	-
Share of other comprehensive income (loss) of associates	9	78	(7,986)	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		11,940	(1,954)	-	-
<i>Other comprehensive income (loss) reclassified 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		11,940	(16,543)	-	-
Total comprehensive income (loss) for the period		16,720	(74,355)	(15,837)	5,442
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		24,232	(80,248)	(15,837)	5,442
Non-controlling interests of the subsidiaries		(7,512)	5,893		
		16,720	(74,355)		

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 2018

(Unit: Thousand Baht)

Consolidated financial statements																
Equity attributable to the owners of the Company																
	Issued and fully paid-up					Other components of shareholders' equity										
						Retained earnings					Exchange differences on translation of financial statements in foreign currency		Other comprehensive income		Equity attributable to non-controlling interests	
						share capital	Share premium	Capital reserve	Appropriated - statutory reserve	Unappropriated	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	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 (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>8,582</u>	<u>4,920,606</u>	<u>12,273,310</u>	<u>262,975</u>	<u>12,536,285</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 (loss) for the period	-	-	-	-	12,032	-	-	-	-	12,032	(7,252)	4,780				
Other comprehensive income (loss) for the period	-	-	-	-	-	12,123	-	78	12,201	12,201	(261)	11,940				
Total comprehensive income (loss) for the period	-	-	-	-	12,032	12,123	-	78	12,201	24,233	(7,513)	16,720				
Dividend paid (Note 21)	-	-	-	-	(63,339)	-	-	-	-	(63,339)	-	(63,339)				
Reversal of revaluation surplus on disposal of assets	-	-	-	-	4,600	-	(4,600)	-	(4,600)	-	-	-				
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	(4)	(4)				
Balance as at 30 September 2018	<u>1,666,827</u>	<u>2,062,461</u>	<u>568,131</u>	<u>211,675</u>	<u>2,923,573</u>	<u>125,814</u>	<u>4,795,313</u>	<u>8,987</u>	<u>4,930,114</u>	<u>12,362,781</u>	<u>251,274</u>	<u>12,614,055</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 2018

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully		Retained earnings		Other components of shareholders' equity		Total shareholders' equity
	paid-up share capital	Share premium	Appropriated -		Other comprehensive income	Total other	
			Statutory reserve	Unappropriated	Revaluation surplus on assets	components of shareholders' equity	
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>142,719</u>	<u>5,526,714</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
Profit for the period	-	-	-	(15,837)	-	-	(15,837)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(15,837)	-	-	(15,837)
Dividend paid (Note 21)	-	-	-	(63,339)	-	-	(63,339)
Reversal of revaluation surplus on disposal of assets	-	-	-	3,676	(3,676)	(3,676)	-
Balance as at 30 September 2018	<u>1,666,827</u>	<u>2,062,461</u>	<u>211,675</u>	<u>1,456,071</u>	<u>139,043</u>	<u>139,043</u>	<u>5,536,077</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 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	55,995	(17,454)	(25,605)	(4,491)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	279,028	268,263	6,162	5,607
Amortisation of leasehold rights	1,874	1,925	-	-
Amortisation of transaction costs related to debenture issuance	1,546	1,546	-	-
Allowance for doubtful accounts (reversal)	(378)	1,419	-	1,898
Reduction of inventory to net realisable value	1,352	376	-	-
Share of loss (profit) from investments in associates	(39,775)	15,230	-	-
Unrealised gain on exchange rate	-	(131)	-	-
Loss (gain) on sale of property, plant and equipment	1,337	87	(6)	(19)
Write off property, plant and equipment	276	3,375	18,515	-
Write off deposit for purchase of land	64,712	-	-	-
Dividend income from investments in subsidiaries	-	-	-	(33,153)
Dividend income from investment in associate	-	-	(28,271)	(18,553)
Provision for long-term employee benefits	3,953	4,013	327	290
Provision for loss on compensation claim (reversal)	(27,318)	330	-	-
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	(23,674)	(26,901)	(31,172)	(43,899)
Interest expenses	118,532	133,154	29,149	37,888
Profit (loss) from operating activities before changes in operating assets and liabilities	437,460	256,977	(30,901)	(54,432)
Operating assets (increase) decrease				
Trade and other receivables	146,795	71,935	(14,427)	(6,993)
Inventories	(13,898)	(2,302)	-	-
Property development cost	(115,651)	(86,705)	15,728	(2,646)
Other current assets	(24,206)	5,052	(2,621)	7,521
Long-term trade accounts receivable	(11,757)	107,291	-	-
Other non-current assets	282	(320)	(51)	(60)
Operating liabilities increase (decrease)				
Trade and other payables	(115,795)	(129,726)	(3,242)	(1,738)
Advance received from customers	316,463	235,595	15	(229)
Other current liabilities	(5,168)	(24,583)	21,754	11,834
Provision for long-term employee benefits	(10,715)	(7,427)	(2,265)	(495)
Long-term provision - provision for legal case	(10,000)	-	-	-
Other non-current liabilities	149	(828)	231	(155)
Cash flows from (used in) operating activities	593,959	424,959	(15,779)	(47,393)
Cash received for interest income	23,700	26,930	33,721	37,469
Cash paid for interest expenses	(120,366)	(140,722)	(28,749)	(33,511)
Cash paid for income tax	(107,562)	(100,168)	(5,076)	(738)
Net cash flows from (used in) operating activities	389,731	210,999	(15,883)	(44,173)

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 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				
Increase in current investment - short-term fixed deposit	(57)	(64)	-	-
Net cash decrease from sale of investment in subsidiary	-	(5,457)	-	-
Cash received from long-term loans to subsidiaries	-	-	675,501	705,100
Cash paid for long-term loans to subsidiaries	-	-	(609,000)	(448,000)
Cash paid for acquisition of investment in associate	(48,439)	-	-	-
Cash received from sales of property, plant and equipment	842	699	60	19
Cash paid for acquisition of property, plant and equipment	(330,488)	(131,442)	(6,564)	(9,665)
Cash paid for acquisition of investment properties	(4,589)	(5,603)	-	-
Dividend received from investments in subsidiaries	-	-	-	33,153
Dividend received from investment in associate	28,271	18,553	28,271	18,553
Decrease in cash and equivalents from liquidation of subsidiary	(4)	-	-	-
Net cash flows from (used in) investing activities	(354,464)	(123,314)	88,268	299,160
Cash flows from financing activities				
Payment of dividends	(63,339)	(43,337)	(63,339)	(43,337)
Payment of dividends of subsidiaries to non-controlling interests	-	(31,325)	-	-
Increase (decrease) in short-term loans from financial institution	(410,000)	45,000	(260,000)	(5,000)
Draw down of long-term loans from subsidiaries	-	-	760,000	231,000
Repayment of long-term loans from subsidiaries	-	-	(535,000)	(507,000)
Draw down of long-term loans from financial institutions	283,625	229,058	-	75,000
Repayment of long-term loans from financial institutions	(434,567)	(442,384)	(375)	(250)
Net cash flows used in financing activities	(624,281)	(242,988)	(98,714)	(249,587)
Net exchange differences on translation of financial statements in foreign currency	16,674	9,160	-	-
Net increase (decrease) in cash and cash equivalents	(572,340)	(146,143)	(26,329)	5,400
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	437,641	523,627	13,909	23,606
Supplemental cash flows information				
Non-cash items				
Share of comprehensive income (loss) of associates	78	(7,986)	-	-
Reversal of revaluation surplus on disposal of assets	4,600	101	3,676	-
Interest recorded as property development cost	530	7,624	-	-
Receivable from sale of investment in associate to related party	-	211,198	-	-
Transfer of property, plant and equipment to property development cost	18,515	-	-	-

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 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 in aggregate held 54.22% 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 or 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 of the voluntary tender offer, the shareholding percentage of the Group of Offerors and Banyan Tree Holdings Limited Group of Companies in Laguna Resorts & Hotels Plc. have been changed as summarised below.

	Shareholding percentage in Laguna Resorts & Hotels Plc.	
	Before the Tender Offer (as at 31 December 2017)	After the Tender Offer (as at 18 April 2018)
	(%)	(%)
Group of Offerors	54.22	74.75
Banyan Tree Holdings Limited Group of Companies	65.75	86.28

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 standards 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 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards 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.

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

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

(Unaudited but reviewed)

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are 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	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Cash	5,117	7,836	133	131
Bank deposits	432,524	1,002,145	13,776	40,107
Total	437,641	1,009,981	13,909	40,238

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	141,310	256,674	4,802	6,378
Less: Allowance for doubtful accounts	(7,514)	(7,430)	(3,300)	(3,300)
Trade accounts receivable - hotel operations, net	133,796	249,244	1,502	3,078
Trade accounts receivable - sales of property				
- Installments due	53,298	51,499	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	176,049	196,269	-	-
Trade accounts receivable - sales of property, net	229,347	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	106,434	114,166	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	1,804	3,995	-	-
Trade accounts receivable - sales of holiday club				
memberships and sales and marketing services for				
holiday club memberships, net	108,238	118,161	-	-
Trade accounts receivable - net	471,381	615,173	1,502	3,078
<u>Other receivables</u>				
Amounts due from related parties (Note 5)	51,400	51,161	28,978	22,969
Other receivables	6,006	14,451	38	56
Insurance claim receivable	1,434	413	-	-
Accrued other income	407	3,291	185	189
Interest receivable	89	114	89	67
Accrued rental income	27,409	19,965	27,409	19,964
Total other receivables	86,745	89,395	56,699	43,245
Trade and other receivables, net	558,126	704,568	58,201	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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Age of receivables</u>				
Not yet due	44,743	146,159	156	146
Past due				
Up to 30 days	50,226	71,024	135	139
31 - 60 days	11,674	15,123	90	146
61 - 90 days	5,361	6,489	97	101
91 - 120 days	3,547	2,564	54	61
Over 120 days	25,759	15,315	4,270	5,785
Total	141,310	256,674	4,802	6,378
Less: Allowance for doubtful debts	(7,514)	(7,430)	(3,300)	(3,300)
Trade accounts receivable - hotel operations, net	<u>133,796</u>	<u>249,244</u>	<u>1,502</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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Age of receivables</u>				
Not yet due	195,175	209,131	-	-
Past due				
Up to 30 days	9,229	10,333	-	-
31 - 60 days	6,005	5,984	-	-
61 - 90 days	3,886	3,876	-	-
91 - 120 days	2,461	2,982	-	-
Over 120 days	12,591	15,462	-	-
Trade accounts receivable - sales of property, net	<u>229,347</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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Age of receivables</u>				
Not yet due	6,060	36,030	-	-
Past due				
Up to 30 days	1,090	10,462	-	-
31 - 60 days	4,191	46	-	-
61 - 90 days	3,588	42	-	-
91 - 120 days	4,285	14	-	-
Over 120 days	87,220	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	106,434	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 30 September				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	-	-	10	13	(5) agreement
Interest expenses	-	-	9	9	(5) agreement
Management fee income	-	-	22	24	(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		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries (continued)</u>					
Reimbursement receipts	-	-	18	3	(11) agreed basis
Reimbursement payments	-	-	3	2	(11) agreed basis
Rental and service income	-	-	2	1	(12)(i), (iii) agreement
Rental and service expenses	-	-	2	2	(12)(iv), (v) agreement
Resort service expenses	-	-	1	4	(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 income	5	5	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Inter resort payments	16	18	-	-	(1) agreed basis
Management fee income	-	1	-	-	(16) agreement
Management fee expenses	42	50	-	-	(6), (15), (17) agreement
Purchase of spa & gallery vouchers (return)	-	(1)	-	(1)	(2), (8) agreed basis
Sale of goods	6	6	-	-	(9) agreed basis
Reimbursement receipts	-	14	-	1	(11) agreed basis
Reimbursement payments	6	13	(1)	1	(11) agreed basis
Rental and service income	6	8	-	-	(12)(i), (ii), (iv), (vi) agreement
Rental return on hotel units	1	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

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	2	2	(3) agreed basis
Interest income	-	-	31	44	(5) agreement
Interest expenses	-	-	23	29	(5) agreement
Management fee income	-	-	72	50	(4), (7) agreement
Reimbursement receipts	-	-	22	7	(11) agreed basis
Reimbursement payments	-	-	8	7	(11) agreed basis
Rental and service income	-	-	4	4	(12)(iii) agreement
Rental and service expenses	-	-	5	5	(12)(iv), (v) agreement
Resort service expenses	-	-	6	7	(14) agreed basis
Dividend income	-	-	-	33	As declared
<u>Transactions with associates</u>					
Inter resort receipts	-	2	-	-	(1) agreed basis
Sale of goods	-	1	-	-	(9) agreed basis
Dividend income	-	-	28	19	As declared
Reimbursement receipts	3	4	-	-	(11) agreed basis
Rental and service income	17	15	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	52	59	-	-	(1) agreed basis
Management fee income	2	2	1	1	(16) agreement
Management fee expenses	188	193	-	2	(6), (15), (17) agreement
Purchase of spa & gallery vouchers	7	6	2	1	(2), (8) agreed basis
Sale of goods	20	16	-	-	(9) agreed basis
Reimbursement receipts	36	38	5	4	(11) agreed basis
Reimbursement payments	22	39	-	6	(11) agreed basis
Rental and service income	19	23	-	-	(12)(i), (ii), (iv), (vi) agreement
Rental and service expense	1	-	-	-	(12)(vii) agreement
Rental return on hotel units	3	3	-	-	(13) agreement
Resort service income	4	4	-	-	(14) agreed basis
Training charges	11	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, 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.

(Unaudited but reviewed)

- (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:

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.

(Unaudited but reviewed)

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
- (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 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 1,172 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.

(Unaudited but reviewed)

- (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.
 - (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 120,847 and Baht 12,085 per rai per annum respectively.
 - (vi) Service income from rental of Banyan Tree Management Academy is at Baht 132,613 per month.
 - (vii) Rental of office space and service of Banyan Tree Gallery (Singapore) Pte. Limited is at SGD 3 per square feet.
- (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) 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.
- (17) 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 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>30 September 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 30 September 2018 and 31 December 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>30 September</u>	<u>31 December</u>	<u>30 September</u>	<u>31 December</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Amounts due from related parties				
Subsidiaries	-	-	27,497	22,319
Associated companies	240	109	-	-
Related companies (related by common shareholders)	<u>51,160</u>	<u>51,052</u>	<u>1,481</u>	<u>650</u>
Total amounts due from related parties (Note 4)	<u>51,400</u>	<u>51,161</u>	<u>28,978</u>	<u>22,969</u>
Amounts due to related parties				
Subsidiaries	8	-	12,266	10,219
Related companies (related by common shareholders)	<u>84,696</u>	<u>125,614</u>	<u>1,050</u>	<u>2,737</u>
Total amounts due to related parties (Note 14)	<u>84,704</u>	<u>125,614</u>	<u>13,316</u>	<u>12,956</u>

(Unaudited but reviewed)

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

As at 30 September 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 2017	Addition	Repayment	30 September 2018
Laguna Banyan Tree Limited	389,000	318,000	(322,000)	385,000
Laguna Holiday Club Limited	195,000	34,000	(38,500)	190,500
Laguna Lakes Limited	394,001	15,000	(73,001)	336,000
Laguna Grande Limited	-	242,000	(242,000)	-
Total	978,001	609,000	(675,501)	911,500

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2017	Addition	Repayment	30 September 2018
Laguna Grande Limited	-	235,000	(214,000)	21,000
Laguna (3) Limited	26,000	2,000	-	28,000
TWR - Holdings Limited	320,000	523,000	(321,000)	522,000
Total	346,000	760,000	(535,000)	571,000

Directors and management's benefits

During the nine-month periods ended 30 September 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	79,653	77,419	46,197	47,771
Post-employment benefits	2,234	2,090	1,207	1,164
Other long-term employee benefits	28	28	16	16
Total	81,915	79,537	47,420	48,951

(Unaudited but reviewed)

6. Property development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Property for sale under holiday club memberships	406,576	420,172	-	-
Completed buildings	679,622	806,596	-	-
Land	1,866,563	1,954,124	111,429	111,429
Property under construction	1,167,914	805,087	-	15,728
Total	<u>4,120,675</u>	<u>3,985,979</u>	<u>111,429</u>	<u>127,157</u>

Subsidiaries have mortgaged property development cost amounting to Baht 946 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	
	30 September 2018	31 December 2017
Current portion of long-term trade accounts receivable	177,853	200,264
Long-term trade accounts receivable	333,932	322,175
Total	<u>511,785</u>	<u>522,439</u>
Sales of property		
Within 1 year (Note 4)	176,049	196,269
Over 1 year to 5 years	332,690	319,337
Over 5 years	-	347
Long-term trade accounts receivable - sales of property	<u>508,739</u>	<u>515,953</u>
Sales of holiday club memberships		
Within 1 year (Note 4)	1,804	3,995
Over 1 year to 5 years	1,242	2,491
Long-term trade accounts receivable - sales of holiday club memberships	<u>3,046</u>	<u>6,486</u>
Total	<u>511,785</u>	<u>522,439</u>

(Unaudited but reviewed)

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
	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.

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

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Banyan Tree Gallery (Singapore) Pte. Limited	-	7,463	-	7,463
Banyan Tree Gallery (Thailand) Limited	-	25,690	-	25,690
Total	-	33,153	-	33,153

(Unaudited but reviewed)

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	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 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	786,355	807,281
Banyan Tree China Pte. Ltd.	Holding company	Singapore	10.69	10.69	173,495	125,057	202,065	121,118
Total investments in associates - net					950,949	902,511	988,420	928,399

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost			
			30 September 2018	31 December 2017	30 September 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		

On 27 April 2018, Banyan Tree China Pte. Ltd., an indirect associate, has increased its registered share capital from SGD 216.64 million to SGD 235.35 million, through the issue of 10,000 new ordinary shares with a par value of SGD 1,871.11 each, a total of SGD 18.71 million. The subsidiary subscribed and paid for 1,069 new ordinary shares totaling SGD 2.00 million or equivalent to Baht 48.44 million on 10 May 2018.

As at 30 September 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.

(Unaudited but reviewed)

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 nine-month periods ended		For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September		30 September		30 September	
2018	2017	2018	2017	2018	2017	2018	2017	
Lijiang Banyan Tree Hotel Co., Ltd.	-	(4,053)	-	(50,257)	-	(4,236)	-	(4,964)
Banyan Tree China Pte. Ltd.	(2,723)	-	33,552	-	863	-	(1,044)	-
Thai Wah Public Company Limited	2,257	10,820	6,223	35,027	(704)	(886)	1,122	(3,022)
Total	(466)	6,767	39,775	(15,230)	159	(5,122)	78	(7,986)

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Dividend received			
	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
2018	2017	2018	2017	
Thai Wah Public Company Limited	-	-	28,271	18,553
Total	-	-	28,271	18,553

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:

(Unit: Million Baht)

Associate	Fair values as at	
	30 September 2018	31 December 2017
	Thai Wah Public Company Limited	777

10. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September	31 December
	2018	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	606,365	606,365

(Unaudited but reviewed)

11. Investment properties

As at 30 September 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 26.

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	330,488	6,564
Disposals and write off	(58,140)	(40,012)
Transfer to property development cost	(39,779)	-
Adjustments	(6,945)	(50)
Balance as at 30 September 2018	<u>16,292,275</u>	<u>120,199</u>
Accumulated depreciation		
Balance as at 31 December 2017	(4,761,870)	(93,481)
Depreciation charged for the period	(279,155)	(6,162)
Disposals and write off	55,686	21,442
Transfer to property development cost	21,264	-
Adjustments	1,040	-
Balance as at 30 September 2018	<u>(4,963,035)</u>	<u>(78,201)</u>
Allowance for impairment loss		
Balance as at 31 December 2017	(4,923)	-
Adjustments	127	-
Balance as at 30 September 2018	<u>(4,796)</u>	<u>-</u>
Net book value		
Balance as at 31 December 2017	<u>11,299,858</u>	<u>60,216</u>
Balance as at 30 September 2018	<u>11,324,444</u>	<u>41,998</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.

(Unaudited but reviewed)

The subsidiaries have mortgaged land and buildings at fair value of Baht 7,374 million (31 December 2017: Baht 7,388 million) as collateral against credit facilities received from financial institutions.

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	
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
Trade accounts payable	286,241	330,676	1,466	1,666
Amounts due to related parties (Note 5)	84,704	125,614	13,316	12,956
Accrued expenses	211,472	223,511	10,782	12,714
Other payables	109,600	100,651	159	29
Service charge payable to hotel staffs	13,293	37,565	-	-
Accrued rental to villa owners	102,484	106,878	5,956	7,156
Total	<u>807,794</u>	<u>924,895</u>	<u>31,679</u>	<u>34,521</u>

15. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
Value added tax payable	42,568	60,386	3,655	3,022
Unearned income	27,385	35,418	22,083	72
Other tax payable	71,691	63,870	2,808	3,748
Short-term provision	18,323	6,884	1,050	1,050
Total	<u>159,967</u>	<u>166,558</u>	<u>29,596</u>	<u>7,892</u>

(Unaudited but reviewed)

16. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
Secured	<u>2,575,538</u>	<u>2,726,480</u>	<u>74,250</u>	<u>74,625</u>
Long-term loans are repayable as follows:				
Within 1 year	617,534	518,610	2,750	500
Over 1 year to 5 years	1,868,254	2,084,620	48,250	33,875
Over 5 years	89,750	123,250	23,250	40,250
	<u>1,958,004</u>	<u>2,207,870</u>	<u>71,500</u>	<u>74,125</u>
Total	<u>2,575,538</u>	<u>2,726,480</u>	<u>74,250</u>	<u>74,625</u>

Movements in the long-term loans account during the nine-month period ended 30 September 2018 are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 31 December 2017	2,726,480		74,625	
Add: Drawdown	283,625		-	
Less: Repayments	(434,567)		(375)	
Balance as 30 September 2018	<u>2,575,538</u>		<u>74,250</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 2018, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 259 million (31 December 2017: Baht 543 million).

(Unaudited but reviewed)

17. Unsecured debenture

(Unit: Thousand Baht)

				Consolidated financial statements	
				30 September	31 December
Debenture	Interest rate	Terms	Due date	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				(474)	(2,020)
Total debenture - due within one year				<u>499,526</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. Other income

(Unit: Thousand Baht)

For the three-month periods ended 30 September					
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Dividend income		-	-	-	33,153
Gain on sale of investment in subsidiary		-	17,988	-	-
Gain on sale of investment in associate		-	97,745	-	-
Management fee income		1,471	107	22,265	24,711
Other		2,382	2,332	323	412
Total		<u>3,853</u>	<u>118,172</u>	<u>22,588</u>	<u>58,276</u>

(Unit: Thousand Baht)

For the nine-month periods ended 30 September					
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Dividend income		-	-	28,271	51,706
Gain on sale of investment in subsidiary		-	17,988	-	-
Gain on sale of investment in associate		-	97,745	-	-
Management fee income		1,624	321	73,108	51,518
Other		11,049	8,597	4,175	1,080
Total		<u>12,673</u>	<u>124,651</u>	<u>105,554</u>	<u>104,304</u>

(Unaudited but reviewed)

19. Income tax

Interim corporate income tax was calculated on profit (loss) 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 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	7,324	33,067	-	-
Adjustment in respect of income tax of previous year	7,709	-	-	-
Write off prepaid withholding tax	-	8	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(180)	(31,320)	(6,262)	(7,832)
Income tax expense reported in the income statement	14,853	1,755	(6,262)	(7,832)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	53,122	78,298	-	-
Adjustment in respect of current income tax of previous year	5,318	(289)	-	-
Write off prepaid withholding tax	-	4,952	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(7,225)	(42,603)	(9,768)	(9,933)
Income tax expense reported in the income statement	51,215	40,358	(9,768)	(9,933)

(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	
	2018	2017	2018	2017
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(57,924)	(23,976)	(26,270)	28,345
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.35)	(0.14)	(0.16)	0.17

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	12,032	(65,528)	(15,837)	5,442
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	0.07	(0.39)	(0.10)	0.03

21. Dividend

Dividend declared in nine-month periods ended 30 September 2018 and 2017 consist of:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Dividends on 2017 retained earnings	Annual General Meeting of the shareholders on 27 April 2018	63.34	0.38
Dividends on 2016 retained earnings	Annual General Meeting of the shareholders on 20 April 2017	43.34	0.26

22. Commitments

Capital commitment

As at 30 September 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 and office for rent amounting to Baht 91 million (31 December 2017: Baht 22 million).
- b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 852 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 unauthorised 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 written off deposit for purchase of land amounting to Baht 65 million and recognised it as an expense in the consolidated income statement.
- d) A subsidiary has commitments that relate to purchase of office units for rent amounting to Baht 76 million (31 December 2017: None).

Operating agreements

As at 30 September 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	- 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	- 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	- 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	- 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 30 September 2018 and 31 December 2017, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Payable within:				
In up to 1 year	13	19	5	5
In over 1 and up to 5 years	9	17	8	13

During the nine-month period ended 30 September 2018, the Company and its subsidiaries recognised rental expenses of Baht 14 million (30 September 2017 : Baht 25 million) (Separate financial statements: Baht 4 million, 30 September 2017 : Baht 6 million).

Servitude over land

As at 30 September 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.

23. Guarantees

As at 30 September 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).

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.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the three-month and nine-month periods ended 30 September 2018 and 2017, respectively.

(Unit: Million Baht)

	For the three-month period ended 30 September 2018				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	729	405	27	-	1,161
Intersegment revenues	(45)	-	(3)	-	(48)
Revenue from external customers	<u>684</u>	<u>405</u>	<u>24</u>	<u>-</u>	<u>1,113</u>
Results:					
Segment results	<u>(76)</u>	<u>85</u>	<u>7</u>	<u>(35)</u>	<u>(19)</u>
Unallocated income					4
Loss from operations and other income					(15)
Interest income	-	8	-	-	8
Finance cost	(26)	(12)	-	(1)	(39)
Share of loss from investments in associates					-
Loss before income tax expenses					(46)
Income tax expenses	(1)	(20)	(1)	7	(15)
Loss for the period					<u>(61)</u>

(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					118
Profit from operations and other income					17
Interest income	-	8	-	-	8
Finance cost	(32)	(9)	-	(3)	(44)
Share of profit from investments in associates					7
Loss before income tax expenses					(12)
Income tax expenses	9	11	(1)	(21)	(2)
Loss for the period					<u>(14)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2018					
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	2,793	994	85	-	3,872
Intersegment revenues	(146)	(4)	(10)	-	(160)
Revenue from external customers	<u>2,647</u>	<u>990</u>	<u>75</u>	<u>-</u>	<u>3,712</u>
Results:					
Segment results	<u>102</u>	<u>72</u>	<u>20</u>	<u>(96)</u>	98
Unallocated income					<u>13</u>
Profit from operations and other income					111
Interest income	1	23	-	-	24
Finance cost	(78)	(35)	-	(6)	(119)
Share of profit from investments in associates					<u>40</u>
Profit before income tax expenses					56
Income tax expenses	(32)	(30)	(4)	15	<u>(51)</u>
Profit for the period					<u>5</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>-</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 loss from investments in associates					<u>(15)</u>
Loss before income tax expenses					(18)
Income tax expenses	(24)	1	(4)	(13)	<u>(40)</u>
Loss for the period					<u>(58)</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		Average exchange rate as at	
	30	31	30	31	30	31	30	31	30	31
Foreign	September	December	September	December	September	December	September	December	September	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	-	-	-	-	-	-	32.3619	32.6407

26. Litigation

26.1 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.

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.

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. Subsequently, on 27 February 2018, the subsidiaries paid a Baht 10 million to the plaintiffs as a part of the settlement agreement.

On 30 May 2018, the Supreme Court accepted this case for consideration and rendered a judgment in accordance with the settlement agreement. Therefore, the case is deemed final. Currently, there are some obligations under the settlement agreement that both parties have to execute according to the Supreme Court's judgment. Such obligations should be completed by the end of 2018. The subsidiaries therefore reversed the outstanding balance of provision for legal case, amounting to Baht 31.0 million, and recognised the reversal of expense, presenting it under administrative expenses in the consolidated income statements for the nine-month periods ended 30 September 2018.

26.2 A case was brought to the Phuket Provincial Court since 2004 in which a contractor (the plaintiff) sued a subsidiary and claimed for compensation and damages from the subsidiary. The plaintiff referred in the plaint that the plaintiff entered into construction contracts with the subsidiary in order to construct 24 houses in Laguna Townhomes II project. The plaintiff completed some of the construction and received some payments from the subsidiary. The construction could not be completed within the completion date of the contracts, therefore, the subsidiary terminated the contract. The plaintiff claimed that the subsidiary did not pay the plaintiff the last 10 payments of their work and did not return the retention to the plaintiff. The subsidiary countered that the plaintiff did not complete the work on the schedule and a subsidiary had to hire another contractor to complete their work. The subsidiary had to pay extra amount to the new contractor, therefore, the subsidiary did not have to pay the plaintiff for the uncompleted work and to return the retention.

In December 2017, the Phuket Provincial Court ordered the subsidiary to return Baht 3.7 million to the plaintiff plus interest 7.5% from the plaint date until the subsidiary has had full payment.

As at 30 September 2018, the subsidiary set aside a provision of Baht 3.7 million for liabilities arising as a result of this case.

26.3 As at 30 September 2018 and 31 December 2017, the Company's subsidiaries have outstanding litigation cases in the total amount of Baht 6.6 million plus interest, relating to alleged breaches of agreements with their customers.

However, the subsidiaries are defending the lawsuits. Since the Group's lawyers and the management believe that the Group will not incur any losses from the litigation, no provisions have been made in respect of these cases in the financial statements.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 November 2018.