

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Review report and interim consolidated financial statements
For the three-month periods ended 31 March 2019

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 2019, 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*.

Emphasis of matter

I draw attention to Note 1.4 and Note 2 to the financial statements regarding the change in accounting policy as a result of the adoption of TFRS 15 *Revenue from contracts with customers*. The Company and its subsidiaries have restated the 2018 consolidated financial statements, presented herein as comparative information, to reflect the change in accounting policy. The Company and its subsidiaries have also presented the consolidated statements of financial position as at 1 January 2018 as comparative information. My conclusion is not qualified in respect of this matter.

Rosaporn Decharkom
Certified Public Accountant (Thailand) No. 5659
EY Office Limited
Bangkok: 9 May 2019

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Note	31 March 2019	31 December 2018	1 January 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited)
Assets						
Current assets						
Cash and cash equivalents	3	628,453	601,678	1,009,981	18,894	22,643
Current investment - short-term fixed deposit		14,045	14,045	13,007	-	-
Trade and other receivables	4	601,183	636,051	704,568	81,345	62,819
Inventories		93,279	101,117	112,598	-	-
Property development cost	6	3,803,529	3,815,340	3,985,979	111,429	111,429
Cost to obtain contracts with customers		107,047	70,722	61,157	-	-
Other current assets		196,617	271,723	138,879	17,827	15,117
Total current assets		5,444,153	5,510,676	6,026,169	229,495	212,008
Non-current assets						
Long-term restricted deposit at financial institution		41	41	41	-	-
Long-term fixed deposit		2,269	2,178	2,178	2,269	2,178
Long-term trade accounts receivable	7	448,142	488,042	322,175	-	-
Investments in subsidiaries	8	-	-	-	4,242,655	4,242,655
Investments in associates	9	1,028,076	1,015,217	928,399	777,454	777,454
Other long-term investments	10	606,365	606,365	606,365	-	-
Long-term loans to subsidiaries	5	-	-	-	1,118,000	987,000
Investment properties	11	1,316,670	1,233,351	1,165,334	183,621	183,621
Property, plant and equipment	12	11,758,424	11,526,679	11,299,858	46,476	42,090
Deferred tax assets		67,735	78,025	98,128	-	-
Goodwill		407,904	407,904	407,904	-	-
Leasehold rights		7,944	8,638	11,461	-	-
Other non-current assets		26,241	25,918	76,853	1,342	1,342
Total non-current assets		15,669,811	15,392,358	14,918,696	6,371,817	6,236,340
Total assets		21,113,964	20,903,034	20,944,865	6,601,312	6,448,348

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 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements	
		31 March 2019	31 December 2018	1 January 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	13	300,000	450,000	510,000	-	240,000
Trade and other payables	14	840,189	886,073	924,895	47,080	33,679
Current portion of long-term loans from financial institutions	16	611,816	673,343	518,610	5,000	3,875
Current portion of unsecured debenture		-	-	497,980	-	-
Income tax payable		87,473	38,800	38,182	-	-
Advance received from customers		1,054,541	1,039,660	812,248	467	504
Other current liabilities	15	255,817	202,880	166,558	13,734	7,621
Total current liabilities		3,149,836	3,290,756	3,468,473	66,281	285,679
Non-current liabilities						
Long-term loans from subsidiaries	5	-	-	-	647,500	433,500
Long-term loans from financial institutions - net of current portion	16	2,595,640	2,323,851	2,207,870	69,000	70,250
Provision for long-term employee benefits		67,701	65,493	55,168	17,375	16,270
Long-term provision - provision for legal case	24	20,682	20,682	41,018	-	-
Deferred tax liabilities		2,349,270	2,358,878	2,351,359	105,856	106,777
Other non-current liabilities		112,075	113,959	111,373	6,009	6,009
Total non-current liabilities		5,145,368	4,882,863	4,766,788	845,740	632,806
Total liabilities		8,295,204	8,173,619	8,235,261	912,021	918,485
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	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	1,666,827
Share premium		2,062,461	2,062,461	2,062,461	2,062,461	2,062,461
Capital reserve		568,131	568,131	568,131	-	-
Retained earnings						
Appropriated - statutory reserve		211,675	211,675	211,675	211,675	211,675
Unappropriated		3,130,759	3,043,537	3,019,180	1,609,285	1,449,857
Other components of shareholders' equity		4,920,946	4,922,764	4,922,513	139,043	139,043
Equity attributable to owner of the Company		12,560,799	12,475,395	12,450,787	5,689,291	5,529,863
Equity attributable to non-controlling interests of the subsidiaries		257,961	254,020	258,817	-	-
Total shareholders' equity		12,818,760	12,729,415	12,709,604	5,689,291	5,529,863
Total liabilities and shareholders' equity		21,113,964	20,903,034	20,944,865	6,601,312	6,448,348

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 2019**

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Revenue					
Revenue from hotel operations		1,134,275	1,246,148	20,053	21,449
Revenue from property development operations		145,837	242,862	103	-
Revenue from office rental operations		25,937	23,519	5,607	5,250
Interest income		11,732	7,647	11,621	10,688
Other income	17	3,342	6,031	189,818	30,246
Total revenue		1,321,123	1,526,207	227,202	67,633
Expenses					
Cost of hotel operations		588,713	613,622	11,041	11,145
Cost of property development operations		95,870	152,174	-	-
Cost of office rental operations		12,875	10,384	1,773	1,609
Selling expenses		88,575	95,513	461	308
Administrative expenses		367,692	474,537	44,069	53,136
Total expenses		1,153,725	1,346,230	57,344	66,198
Profit before share of profit from investments in associates,					
finance cost and income tax expenses		167,398	179,977	169,858	1,435
Share of profit from investments in associates	9	10,107	41,394	-	-
Profit before finance cost and income tax expenses		177,505	221,371	169,858	1,435
Finance cost		(35,680)	(41,015)	(11,351)	(9,718)
Profit (loss) before income tax expenses		141,825	180,356	158,507	(8,283)
Income tax expenses	18	(55,020)	(49,820)	921	1,200
Profit (loss) for the period		86,805	130,536	159,428	(7,083)
Profit (loss) attributable to:					
Equity holders of the Company		82,841	129,291	159,428	(7,083)
Non-controlling interests of the subsidiaries		3,964	1,245		
		86,805	130,536		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	19	0.50	0.78	0.96	(0.04)

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 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		
Profit (loss) for the period	<u>86,805</u>	<u>130,536</u>	<u>159,428</u>	<u>(7,083)</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	(212)	5,596	-	-
Share of other comprehensive income (loss) of associates	9 2,752	(2,979)	-	-
Other comprehensive income (loss) for the period	<u>2,540</u>	<u>2,617</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>89,345</u>	<u>133,153</u>	<u>159,428</u>	<u>(7,083)</u>
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	85,404	132,154	<u>159,428</u>	<u>(7,083)</u>
Non-controlling interests of the subsidiaries	3,941	999		
	<u>89,345</u>	<u>133,153</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 2019

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
					Other components of shareholders' equity			Equity attributable to non-controlling interests				
					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 of the subsidiaries		Total shareholders' equity
share capital	Share premium	Capital reserve	Appropriated - statutory reserve	Unappropriated								
Balance as at 31 December 2017 - as previously reported	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
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 2)	-	-	-	-	48,900	-	-	-	-	48,900	26	48,926
Balance as at 31 December 2017 - as restated	1,666,827	2,062,461	568,131	211,675	3,019,180	113,691	4,799,913	8,909	4,922,513	12,450,787	258,817	12,709,604
Profit for the period (restated)	-	-	-	-	129,291	-	-	-	-	129,291	1,245	130,536
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 (restated)	-	-	-	-	129,291	5,842	-	(2,979)	2,863	132,154	999	133,153
Reversal of revaluation surplus on disposal of assets	-	-	-	-	635	-	(635)	-	(635)	-	-	-
Balance as at 31 March 2018 - as restated	1,666,827	2,062,461	568,131	211,675	3,149,106	119,533	4,799,278	5,930	4,924,741	12,582,941	259,816	12,842,757
Balance as at 31 December 2018 - as previously reported	1,666,827	2,062,461	568,131	211,675	2,986,959	122,018	4,790,813	9,933	4,922,764	12,418,817	254,020	12,672,837
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 2)	-	-	-	-	56,578	-	-	-	-	56,578	-	56,578
Balance as at 31 December 2018 - as restated	1,666,827	2,062,461	568,131	211,675	3,043,537	122,018	4,790,813	9,933	4,922,764	12,475,395	254,020	12,729,415
Profit for the period	-	-	-	-	82,841	-	-	-	-	82,841	3,964	86,805
Other comprehensive income (loss) for the period	-	-	-	-	-	(189)	-	2,752	2,563	2,563	(23)	2,540
Total comprehensive income (loss) for the period	-	-	-	-	82,841	(189)	-	2,752	2,563	85,404	3,941	89,345
Reversal of revaluation surplus on disposal of assets	-	-	-	-	4,381	-	(4,381)	-	(4,381)	-	-	-
Balance as at 31 March 2019	1,666,827	2,062,461	568,131	211,675	3,130,759	121,829	4,786,432	12,685	4,920,946	12,560,799	257,961	12,818,760
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

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 2019

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	Total other components of shareholders' equity	Total shareholders' equity
			Appropriated - Statutory reserve	Unappropriated	Other comprehensive income Revaluation surplus on assets		
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>
Balance as at 1 January 2019	1,666,827	2,062,461	211,675	1,449,857	139,043	139,043	5,529,863
Profit for the period	-	-	-	159,428	-	-	159,428
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	159,428	-	-	159,428
Balance as at 31 March 2019	<u>1,666,827</u>	<u>2,062,461</u>	<u>211,675</u>	<u>1,609,285</u>	<u>139,043</u>	<u>139,043</u>	<u>5,689,291</u>
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries**Cash flow statement****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit (loss) before income tax expenses	141,825	180,356	158,507	(8,283)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	96,265	91,536	1,829	2,078
Amortisation of leasehold rights	608	623	-	-
Amortisation of transaction costs related to debenture issuance	-	510	-	-
Allowance for doubtful accounts (reversal)	624	(426)	-	-
Reduction of inventory to net realisable value	822	396	-	-
Share of profit from investments in associates	(10,107)	(41,394)	-	-
Gain on sale of property, plant and equipment	(24)	(63)	(4)	-
Dividend income from investments in subsidiaries	-	-	(164,634)	-
Write off property, plant and equipment	59	141	-	-
Provision for impairment of deposit for purchase of land	-	64,712	-	-
Provision for long-term employee benefits	2,208	1,220	1,105	109
Forfeited money from property units	(300)	-	-	-
Interest income	(11,732)	(7,647)	(11,621)	(10,688)
Interest expenses	35,680	41,015	11,351	9,718
Profit (loss) from operating activities before changes in operating assets and liabilities	255,928	330,979	(3,467)	(7,066)
Operating assets (increase) decrease				
Trade and other receivables	34,108	39,364	(17,474)	(36,298)
Inventories	7,016	201	-	-
Property development cost	(161,464)	(64,462)	-	-
Cost to obtain contract with customers	(36,325)	(13,798)	-	-
Other current assets	78,918	(21,721)	(1,538)	(4,443)
Long-term trade accounts receivable	39,900	11,238	-	-
Other non-current assets	(323)	1,145	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(43,897)	(105,015)	12,421	8,522
Advance received from customers	14,881	175,193	(37)	89
Other current liabilities	54,634	61,185	6,113	8,004
Provision for long-term employee benefits	-	(656)	-	-
Long-term provision - provision for legal case	-	(10,000)	-	-
Other non-current liabilities	(1,884)	4,225	-	30
Cash flows from (used in) operating activities	241,492	407,878	(3,982)	(31,162)
Cash received for interest income	11,869	7,687	10,569	12,794
Cash paid for interest expenses	(42,340)	(42,745)	(10,371)	(11,015)
Cash paid for income tax	(9,480)	(9,166)	(1,172)	(1,069)
Net cash flows from (used in) operating activities	201,541	363,654	(4,956)	(30,452)

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries**Cash flow statement (continued)**

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Cash received from long-term loans to subsidiaries	-	-	179,500	336,001
Cash paid for long-term loans to subsidiaries	-	-	(310,500)	(351,500)
Dividend received from investment in subsidiaries	-	-	164,634	-
Increase in long-term fixed deposit	(91)	-	(91)	-
Cash paid for acquisition of investment properties	(83,319)	(26)	-	-
Cash received from sales of property, plant and equipment	40	636	4	-
Cash paid for acquisition of property, plant and equipment	(151,595)	(58,989)	(6,215)	(325)
Net cash flows from (used in) investing activities	(234,965)	(58,379)	27,332	(15,824)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(150,000)	(270,000)	(240,000)	(20,000)
Draw down of long-term loans from subsidiaries	-	-	504,500	242,000
Repayment of long-term loans from subsidiaries	-	-	(290,500)	(160,000)
Draw down of long-term loans from financial institutions	450,000	-	-	-
Repayment of long-term loans from financial institutions	(239,738)	(134,261)	(125)	(125)
Net cash flows from (used in) financing activities	60,262	(404,261)	(26,125)	61,875
Net exchange differences on translation of financial statements in foreign currency	(63)	8,463	-	-
Net increase (decrease) in cash and cash equivalents	26,775	(90,523)	(3,749)	15,599
Cash and cash equivalents at beginning of period	601,678	1,009,981	22,643	40,238
Cash and cash equivalents at end of period	628,453	919,458	18,894	55,837
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Share of comprehensive income (loss) of associates	2,752	(2,979)	-	-
Reversal of revaluation surplus on disposal of assets	4,381	635	-	-
Interest recorded as property development cost	4,674	530	-	-
Transfer of property development cost to property, plant and equipment	178,249	-	-	-

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 2019

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 five hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Angsana Villas Resort Phuket, Cassia Phuket and Laguna Holiday Club Phuket Resort, 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.

On 1 January 2019, the group changed certain parts of hotel operation among its subsidiaries by transferring of Angsana Villa Resort Phuket hotel, which previously operated under Laguna Village Limited, to Bangtao Grande Limited and transferring of Laguna Holiday Club Phuket Resort hotel, which previously operated under Laguna Holiday Club Limited, to Bangtao Grande Limited.

The changes are aimed to improve the efficiency of managing and operating the hotel business.

1.2 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.

(Unaudited but reviewed)

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.

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There have been no changes in the composition of the subsidiaries during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 18 (revised 2017)	Transfers of Assets from Customers

(Unaudited but reviewed)

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 Company and its subsidiaries adopted TFRS 15 using the full retrospective method of adoption. The Company and its subsidiaries elect to apply the following practical expedient.

- Not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 2.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

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.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

1.5 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 2018, except for the change in the accounting policies due to the adoption of TFRS 15, *Revenue from Contracts with Customers*, as follow:

Cost to obtain a contract

The Company and its subsidiaries recognise commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

(Unaudited but reviewed)

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 1.4 to the financial statements, during the current period, the Company and its subsidiaries have adopted TFRS 15 using the full retrospective method of adoption. The cumulative effect of the change in accounting policy is presented as a separate item in the consolidated statement of changes in shareholders' equity. There is no impact to the separate financial statements from the adoption of TFRS 15.

The amounts of the adjustments affecting the consolidated statement of financial position and consolidated statement of income are summarised below:

(Unit: Million Baht)

	Consolidated financial statements	
	Increase	
	31 December 2018	1 January 2018
Statements of financial position		
Assets		
Cost to obtain contracts with customers	71	61
Total assets	71	61
Liabilities		
Deferred tax liabilities	14	12
Total liabilities	14	12
Shareholders' equity		
Retained earnings	57	49
Total shareholders' equity	57	49
Total liabilities and shareholders' equity	71	61

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated

financial statements

Increase (decrease) in profit
for the three-month period
ended 31 March 2018

Income statements

Profit or loss:

Selling expenses 14

Income tax expense (3)

Profit for the period 11

Attributable to:

Profit attributable to equity holders of the Company 11

Earnings per share (Baht):

Basic earnings per share 0.07

The nature of this adjustment is described below:

- Commission paid to obtain a contract - The Company and its subsidiaries have determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Cash	5,751	7,722	147	148
Bank deposits	622,702	593,956	18,747	22,495
Total	628,453	601,678	18,894	22,643

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	213,780	230,656	6,661	5,102
Less: Allowance for doubtful accounts	(9,186)	(8,566)	(3,300)	(3,300)
Trade accounts receivable - hotel operations, net	204,594	222,090	3,361	1,802
Trade accounts receivable - sales of property				
- Installments due	51,498	60,531	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	169,468	184,522	-	-
Trade accounts receivable - sales of property, net	220,966	245,053	-	-
Trade accounts receivable - sales of holiday club				
memberships - installments due and trade account				
receivable from sales and marketing services for				
holiday club memberships	81,837	81,510	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	1,252	1,507	-	-
Trade accounts receivable - sales of holiday club				
memberships and sales and marketing services for				
holiday club memberships, net	83,089	83,017	-	-
Trade accounts receivable - net	508,649	550,160	3,361	1,802
<u>Other receivables</u>				
Amounts due from related parties (Note 5)	52,452	45,368	45,764	38,874
Other receivables	4,601	9,268	54	332
Insurance claim receivable	1,450	1,434	-	-
Accrued other income	2,123	8,191	258	234
Interest receivable	15	152	15	98
Accrued rental income	31,893	21,478	31,893	21,479
Total other receivables	92,534	85,891	77,984	61,017
Trade and other receivables, net	601,183	636,051	81,345	62,819

(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 2019	31 December 2018	31 March 2019	31 December 2018
<u>Age of receivables</u>				
Not yet due	73,054	120,892	1,781	287
Past due				
Up to 30 days	58,464	65,827	206	190
31 - 60 days	49,617	16,904	99	131
61 - 90 days	12,857	5,142	91	102
91 - 120 days	2,694	2,911	50	54
Over 120 days	17,094	18,980	4,434	4,338
Total	213,780	230,656	6,661	5,102
Less: Allowance for doubtful debts	(9,186)	(8,566)	(3,300)	(3,300)
Trade accounts receivable - hotel operations, net	<u>204,594</u>	<u>222,090</u>	<u>3,361</u>	<u>1,802</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 2019	31 December 2018	31 March 2019	31 December 2018
<u>Age of receivables</u>				
Not yet due	187,194	224,777	-	-
Past due				
Up to 30 days	10,624	11,202	-	-
31 - 60 days	12,918	4,103	-	-
61 - 90 days	5,912	1,958	-	-
91 - 120 days	1,095	947	-	-
Over 120 days	3,223	2,066	-	-
Trade accounts receivable - sales of property, net	<u>220,966</u>	<u>245,053</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 2019	31 December 2018	31 March 2019	31 December 2018
<u>Age of receivables</u>				
Not yet due	4,626	5,275	-	-
Past due				
Up to 30 days	41	3,771	-	-
31 - 60 days	4,425	4,224	-	-
61 - 90 days	20,200	4,870	-	-
91 - 120 days	1,170	1,041	-	-
Over 120 days	51,375	62,329	-	-
Trade accounts receivable - sales of holiday club memberships - installment due and trade account receivable from sales and marketing services for holiday club memberships, net	<u>81,837</u>	<u>81,510</u>	<u>-</u>	<u>-</u>

5. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and agreed upon basis between the Company, its subsidiaries and related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Guarantee fee expenses	-	-	1	1	(3) agreed basis
Interest income	-	-	12	11	(5) agreement
Interest expenses	-	-	10	7	(5) agreement
Management fee income	-	-	24	26	(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	financial statements	financial statements	
	2019	2018	2019	2018	
<u>Transactions with subsidiaries (continued)</u>					
Reimbursement receipts	-	-	-	2	(11) agreed basis
Reimbursement payments	-	-	2	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	-	-	3	1	(14) agreed basis
Dividend income	-	-	165	-	As declared
<u>Transactions with associates</u>					
Reimbursement receipts	2	1	-	-	(11) agreed basis
Rental and service income	6	5	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Inter resort payments	19	23	-	-	(1) agreed basis
Management fee income	1	1	1	-	(15), (16) agreement
Management fee expenses	112	103	6	-	(6), (17) agreement
Purchase of spa & gallery vouchers	4	6	1	2	(2), (8) agreed basis
Sale of goods	5	8	-	-	(9) agreed basis
Reimbursement receipts	14	14	1	4	(11) agreed basis
Reimbursement payments	23	8	-	1	(11) agreed basis
Rental and service income	7	8	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	1	1	-	-	(13) agreement
Resort service income	1	1	-	-	(14) agreed basis
Training charges	2	3	-	-	(10) agreed basis

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

- (1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel in which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort. On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and credit card commission is charged ranging from 2% to 5% of the revenue based on the commission rate charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok, Banyan Tree Lijiang and Laguna Golf Bintan primarily for treatments at the spa, goods purchased at the shops and golf fees at golf course.

(Unaudited but reviewed)

- (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:

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), Angsana Villas Resort Phuket (Bangtao Grande Limited) and Laguna Holiday Club Phuket Resort (Bangtao Grande 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, Angsana Villas Resort Phuket and Laguna Holiday Club Phuket Resort 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, Cassia Phuket and Laguna Holiday Club Phuket Resort are the reimbursement of costs benefiting each of the hotels. As a result, these transactions are on normal commercial terms and conditions.

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
 - (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 30% discount to the retail price depending on the volume purchased.

(Unaudited but reviewed)

- (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.
- (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.

(Unaudited but reviewed)

- (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) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources.
- (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>31 March 2019</u>	<u>31 December 2018</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 2019</u>	<u>31 December 2018</u>
Short-term loan facilities	150	150
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	20

As at 31 March 2019 and 31 December 2018, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Amounts due from related parties				
Subsidiaries	-	-	42,884	36,707
Associated companies	1,061	59	-	-
Related companies (related by common shareholders)	51,391	45,309	2,880	2,167
Total amounts due from related parties (Note 4)	<u>52,452</u>	<u>45,368</u>	<u>45,764</u>	<u>38,874</u>
Amounts due to related parties				
Subsidiaries	-	-	13,549	8,487
Associated companies	16	16	-	-
Related companies (related by common shareholders)	137,899	121,197	7,798	933
Total amounts due to related parties (Note 14)	<u>137,915</u>	<u>121,213</u>	<u>21,347</u>	<u>9,420</u>

(Unaudited but reviewed)

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

As at 31 March 2019 and 31 December 2018, 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
	2018	Addition	Repayment	2019
Laguna Banyan Tree Limited	464,000	84,000	(90,000)	458,000
Laguna Holiday Club Limited	208,000	4,500	(22,500)	190,000
Laguna Lakes Limited	315,000	5,000	(17,000)	303,000
Laguna Grande Limited	-	212,000	(50,000)	162,000
Laguna (3) Limited	-	5,000	-	5,000
Total	<u>987,000</u>	<u>310,500</u>	<u>(179,500)</u>	<u>1,118,000</u>

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December			31 March
	2018	Addition	Repayment	2019
Laguna Grande Limited	32,500	-	(32,500)	-
Laguna (3) Limited	28,000	-	(28,000)	-
TWR - Holdings Limited	373,000	504,500	(230,000)	647,500
Total	<u>433,500</u>	<u>504,500</u>	<u>(290,500)</u>	<u>647,500</u>

Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, 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	
	2019	2018	2019	2018
	Short-term employee benefits	24,338	29,022	12,572
Post-employment benefits	759	753	366	409
Other long-term employee benefits	8	9	4	5
Total	<u>25,105</u>	<u>29,784</u>	<u>12,942</u>	<u>17,932</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
	2019	2018	2019	2018
Property for sale under holiday club memberships	247,533	425,209	-	-
Completed buildings	574,602	641,385	-	-
Land	1,788,917	1,796,067	111,429	111,429
Property under construction	1,192,477	952,679	-	-
Total	<u>3,803,529</u>	<u>3,815,340</u>	<u>111,429</u>	<u>111,429</u>

Subsidiaries have mortgaged property development cost amounting to Baht 662 million (31 December 2018: Baht 788 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 9% per annum and installments are repaid over a period of 3 to 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2019	31 December 2018
Current portion of long-term trade accounts receivable	170,720	186,029
Long-term trade accounts receivable	448,142	488,042
Total	<u>618,862</u>	<u>674,071</u>
Sales of property		
Within 1 year (Note 4)	169,468	184,522
Over 1 year to 5 years	447,477	487,145
Long-term trade accounts receivable - sales of property	<u>616,945</u>	<u>671,667</u>
Sales of holiday club memberships		
Within 1 year (Note 4)	1,252	1,507
Over 1 year to 5 years	665	897
Long-term trade accounts receivable - sales of holiday club memberships	<u>1,917</u>	<u>2,404</u>
Total	<u>618,862</u>	<u>674,071</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
	2019	2018	2019	2018	2019	2018
	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 Smart 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	-	-
<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 Laguna Holiday Club Limited and Mae Chan Property Company Limited.

(3) Laguna Service Company Limited is held 24.7% by the Company and 48.2% through Bangtao Grande Limited and Laguna Banyan Tree Limited.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 31 March	
	Separate financial statements	
	2019	2018
Laguna (3) Limited	32,884	-
TWR - Holdings Limited	131,750	-
Total	164,634	-

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 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
			(%)	(%)				
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	805,983	793,720
Banyan Tree China Pte. Ltd.	Holding company	Singapore	10.69	10.69	173,495	173,495	222,093	221,497
Total investments in associates - net					950,949	950,949	1,028,076	1,015,217

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost			
			31 March 2019	31 December 2018	31 March 2019	31 December 2018		
			(%)	(%)				
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		

(Unaudited but reviewed)

As at 31 March 2019 and 31 December 2018, 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 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	
	2019	2018	2019	2018
Banyan Tree China Pte. Ltd.	596	40,484	-	(2,725)
Thai Wah Public Company Limited	9,511	910	2,752	(254)
Total	10,107	41,394	2,752	(2,979)

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	
	31 March 2019	31 December 2018
Thai Wah Public Company Limited	733	733

10. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March	31 December
	2019	2018
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 31 March 2019, the subsidiaries have pledged investment properties amounting to approximately Baht 825 million (31 December 2018: Baht 729 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation.

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 2018	16,583,061	120,797
Additions	151,596	6,215
Disposals and write off	(7,412)	(295)
Transfer from property development cost	178,249	-
Adjustments	(1,838)	-
Balance as at 31 March 2019	<u>16,903,656</u>	<u>126,717</u>
Accumulated depreciation		
Balance as at 31 December 2018	(5,051,629)	(78,707)
Depreciation charged for the period	(96,307)	(1,829)
Disposals and write off	7,337	295
Adjustments	78	-
Balance as at 31 March 2019	<u>(5,140,521)</u>	<u>(80,241)</u>
Allowance for impairment loss		
Balance as at 31 December 2018	(4,753)	-
Adjustments	42	-
Balance as at 31 March 2019	<u>(4,711)</u>	<u>-</u>
Net book value		
Balance as at 31 December 2018	<u>11,526,679</u>	<u>42,090</u>
Balance as at 31 March 2019	<u>11,758,424</u>	<u>46,476</u>

(Unaudited but reviewed)

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 7,481 million (31 December 2018: Baht 7,488 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 3.65% - 3.80% per annum (31 December 2018: 3.63% - 3.65%).

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	
2019	2018	2019	2018	
Trade accounts payable	236,274	325,389	4,111	1,478
Amounts due to related parties (Note 5)	137,915	121,213	21,347	9,420
Accrued expenses	174,786	198,140	8,342	13,885
Other payables	140,936	107,971	253	209
Service charge payable to hotel staffs	25,990	34,256	-	-
Accrued rental to villa owners	124,288	99,104	13,027	8,687
Total	840,189	886,073	47,080	33,679

(Unaudited but reviewed)

15. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2019	2018	2019	2018
Value added tax payable	69,363	60,148	9,831	4,487
Unearned income	61,830	34,614	-	-
Other tax payable	109,721	89,978	3,903	3,134
Short-term provision	14,903	18,140	-	-
Total	255,817	202,880	13,734	7,621

16. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31	31	31	31
	March	December	March	December
	2019	2018	2019	2018
Secured	3,207,456	2,997,194	74,000	74,125
Long-term loans are repayable as follows:				
Within 1 year	611,816	673,343	5,000	3,875
Over 1 year to 5 years	1,824,890	1,820,601	69,000	62,000
Over 5 years	770,750	503,250	-	8,250
	2,595,640	2,323,851	69,000	70,250
Total	3,207,456	2,997,194	74,000	74,125

(Unaudited but reviewed)

Movements in the long-term loans account during the three-month period ended 31 March 2019 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	2,997,194	74,125
Plus: Drawdown	450,000	-
Less: Repayments	(239,738)	(125)
Balance as 31 March 2019	<u>3,207,456</u>	<u>74,000</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 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 105 million (31 December 2018: Baht 555 million).

17. Other income

(Unit: Thousand Baht)

	For the three-month periods ended 31 March 2019			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Dividend income	-	-	164,634	-
Management fee income	630	100	24,690	26,821
Other	2,712	5,931	494	3,425
Total	<u>3,342</u>	<u>6,031</u>	<u>189,818</u>	<u>30,246</u>

(Unaudited but reviewed)

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 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
		(Restated)		
Current income tax:				
Interim corporate income tax charge	54,106	41,439	-	-
Adjustment in respect of income tax of previous year	233	136	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	681	8,245	(921)	(1,200)
Income tax expense reported in the income statement	<u>55,020</u>	<u>49,820</u>	<u>(921)</u>	<u>(1,200)</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	financial statements	financial statements
	2019	2018	2019	2018
		(Restated)		
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	82,841	129,291	159,428	(7,083)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	0.50	0.78	0.96	(0.04)

20. Commitments

Capital commitment

As at 31 March 2019, 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 152 million (31 December 2018: Baht 162 million).
- b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,121 million (31 December 2018: Baht 894 million).

Operating agreements

As at 31 March 2019, the Company and its subsidiaries have operating agreements as follows:

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

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
	Angsana Villas Resort Phuket	Banyan Tree Hotels & Resorts Pte. Limited	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
	Laguna Holiday Club Phuket Resort	Banyan Tree Hotels & Resorts Pte. Limited	19.10.2015 - 18.10.2035	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	19.10.2015 - 18.10.2035	- Management fee: 7.5% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited	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	1.7.2012 - 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

(Unaudited but reviewed)

Company	Business unit	Operator	Contract period	Fees
Phuket Resort Development Limited	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Limited	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

- (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.

(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 2019 and 31 December 2018, future minimum payments required under these agreements were as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Payable within:				
In up to 1 year	17	10	5	5
In over 1 and up to 5 years	17	8	6	7

During the three-month period ended 31 March 2019, the Company and its subsidiaries recognised rental expenses of Baht 6 million (31 March 2018: Baht 5 million) (Separate financial statements: Baht 1 million, 31 March 2018: Baht 1 million).

Servitude over land

As at 31 March 2019, some subsidiaries have land servitude of approximately 11 rai (31 December 2018: 11 rai) at Phuket province, which are presented under property development cost and property, plant and equipment.

(Unaudited but reviewed)

21. Guarantees

As at 31 March 2019, there are bank guarantees amounting to Baht 51 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 2018: Baht 58 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.

The following tables present revenue and profit information regarding the three-month periods ended 31 March 2019 and 2018, respectively.

(Unit: Million Baht)

	For the three-month period ended 31 March 2019				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	1,186	148	30	-	1,364
Intersegment revenues	(52)	(2)	(4)	-	(58)
Revenue from external customers	<u>1,134</u>	<u>146</u>	<u>26</u>	<u>-</u>	<u>1,306</u>
Results:					
Segment results	<u>195</u>	<u>(7)</u>	<u>8</u>	<u>(44)</u>	152
Unallocated income					<u>3</u>
Profit from operations and other income					155
Interest income	-	12	-	-	12
Finance cost	(25)	(9)	-	(1)	(35)
Share of profit from investments					
in associates					<u>10</u>
Profit before income tax expenses					142
Income tax expenses	(9)	-	(1)	(45)	<u>(55)</u>
Profit for the period					<u>87</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month period ended 31 March 2018 (restated)				
	Hotel	Property	Office	Head Office	Total
	Business	Development	Rental		
Revenue:					
Segment revenue					
Total revenues	1,301	249	27	-	1,577
Intersegment revenues	(55)	(6)	(3)	-	(64)
Revenue from external customers	1,246	243	24	-	1,513
Results:					
Segment results	258	(46)	8	(54)	166
Unallocated income					6
Profit from operations and other income					172
Interest income	-	8	-	-	8
Finance cost	(26)	(12)	-	(3)	(41)
Share of profit from investments in associates					41
Profit before income tax expenses					180
Income tax expenses	39	(5)	(2)	(82)	(50)
Profit for the period					130

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:

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets as at		Financial liabilities as at		Financial assets as at		Financial liabilities as at		March	December
	31	31	31	31	31	31	31	31		
	March	December	March	December	March	December	March	December		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2	2	-	-	-	-	-	-	31.7681	32.4036

24. Litigation

24.1 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 the 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.

(Unaudited but reviewed)

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.

On 18 December 2018, the subsidiaries placed Baht 17 million to the Phuket Provincial Court as security for the amount awarded by the Appeal Court.

As at 31 March 2019, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case (31 December 2018: Baht 17 million).

24.2 A subsidiary was sued from 11 time-share members for the breaching of agreements and requested for refunds. The Phuket Provincial Court ordered the defendant to pay 11 members in the total amount of Baht 2.5 million plus interest 7.5% from the plaint date until the defendant has made full payment. However, the Appeal Court reversed the judgment of the Phuket Provincial Court and dismissed the case.

On 11 July 2018, the Supreme Court granted the request to appeal the Appeal Court's judgment of the plaintiff and accepted this case on their consideration.

As at 31 March 2019, the subsidiary set aside a provision of Baht 4 million for liabilities arising as a result of this case (31 December 2018: Baht 4 million).

24.3 Two subsidiaries were sued from a former buyer of property sales project and claim for returning of her payment in the amount of Baht 4.1 million plus interest 15% calculated from Baht 2.9 million from the plaint date. On 15 August 2018, the Phuket Provincial Court ordered both subsidiaries to return Baht 1.4 million to the plaintiff plus interest 7.5% from the plaint date until both subsidiaries have made full payment.

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.

25. Events after the reporting period

25.1 On 26 April 2019, the Annual General Meeting of the Company's shareholders approved the payment of a dividend from the retained earnings as at 31 December 2018 to the Company's shareholders of Baht 0.41 per share, totaling Baht 68.3 million.

25.2 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 7 million (The Company only: Baht 2 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

26. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 May 2019.