

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2018, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue recognition of hotel and property development

Revenue from hotel and property development is the most significant amount in the consolidated income statement and it is a key performance indication to which the management and users of the financial statements pay particular attention. In addition, intense competition in the hotel and real estate industry in Phuket province, which is the key location of the Group operations, has significantly effected the Group's operating performance. There are therefore risks with respect to the timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls which respond to the above risks.
- Applying a sampling method to select agreements related to revenue recognition to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.

- On a sampling basis, examining supporting documents for actual revenue transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes and reversals of revenue transactions after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Fair value measurement of land, buildings and investment properties

Land and buildings are stated at revalued amount and investment properties are stated at fair value. The management arranged for an independent valuer to appraise their fair value. The measurement of fair value is identified as a key audit matter because land, buildings and investment properties are the most significant amounts in the consolidated statement of financial position. In addition, the assessment of fair value required the management to exercise judgment in respect of the key assumptions and estimates, as described in Notes 17 and 18 to the financial statements. There are therefore risks with respect to the value of land, buildings and investment properties.

I assessed the management's determination of the fair value by performing the following procedures:

- Gaining an understanding of internal controls of the Group relevant to the measurement of fair value of land, buildings and investment properties.
- Evaluating the independence and competence of the independent valuer.
- Evaluating the scope and objectives of the engagement of the independent valuer, together with the appropriateness of valuation model or method and key assumptions used.
- Having discussions with the management and independent valuer and performing a review of key assumptions and methods applied in determination of fair value.
- Comparing the consistency of valuation model or method used and key assumptions with those used in the prior year.
- Reviewing the completeness and correctness of data prepared by management which were used in determination of fair value.

- Reviewing the disclosures related to land, buildings and investment properties in the note to financial statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audits, or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Rosaporn Decharkom
Certified Public Accountant (Thailand) No. 5659

EY Office Limited
Bangkok: 19 February 2019

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	6	601,678,401	1,009,981,428	22,643,210	40,237,700
Current investment - short-term fixed deposit		14,044,883	13,006,461	-	-
Trade and other receivables	8	636,051,262	704,568,196	62,818,881	46,323,003
Inventories	10	101,116,835	112,597,365	-	-
Property development cost	11	3,815,339,965	3,985,979,399	111,429,000	127,156,741
Other current assets	12	271,722,731	138,879,245	15,115,506	14,796,410
Total current assets		5,439,954,077	5,965,012,094	212,006,597	228,513,854
Non-current assets					
Long-term restricted deposit at financial institution	7	41,189	41,189	-	-
Long-term fixed deposit		2,178,200	2,178,200	2,178,200	2,178,200
Long-term trade accounts receivable	13	488,042,448	322,174,524	-	-
Investments in subsidiaries	14	-	-	4,242,655,371	4,242,655,371
Investments in associates	15	1,015,217,329	928,399,146	777,454,049	777,454,049
Other long-term investments	16	606,364,594	606,364,594	-	-
Long-term loans to subsidiaries	9	-	-	987,000,000	978,000,629
Investment properties	17	1,233,350,769	1,165,333,970	183,621,330	185,726,984
Property, plant and equipment	18	11,526,678,951	11,299,858,680	42,090,404	60,216,180
Deferred tax assets	32	78,025,222	98,127,654	-	-
Goodwill	14	407,903,881	407,903,881	-	-
Leasehold rights	19	8,637,717	11,460,947	-	-
Other non-current assets		25,917,223	76,852,868	1,342,053	1,290,452
Total non-current assets		15,392,357,523	14,918,695,653	6,236,341,407	6,247,521,865
Total assets		20,832,311,600	20,883,707,747	6,448,348,004	6,476,035,719

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 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	450,000,000	510,000,000	240,000,000	260,000,000
Trade and other payables	21	886,073,040	924,894,679	33,678,514	34,521,104
Current portion of long-term loans from financial institutions	23	673,343,101	518,609,850	3,875,000	500,000
Current portion of unsecured debenture	24	-	497,979,879	-	-
Income tax payable		38,800,305	38,182,203	-	-
Advance received from customers		1,039,660,270	812,247,751	503,847	179,933
Other current liabilities	22	202,879,645	166,557,930	7,621,536	7,892,350
Total current liabilities		3,290,756,361	3,468,472,292	285,678,897	303,093,387
Non-current liabilities					
Long-term loans from subsidiaries	9	-	-	433,500,000	346,000,000
Long-term loans from financial institutions					
- net of current portion	23	2,323,850,568	2,207,869,615	70,250,000	74,125,000
Provision for long-term employee benefits	25	65,492,702	55,168,000	16,270,273	14,787,472
Long-term provision - provision for legal cases	26, 42	20,681,911	41,017,534	-	-
Deferred tax liabilities	32	2,344,734,324	2,339,128,136	106,776,717	117,208,534
Other non-current liabilities		113,959,554	111,373,992	6,008,810	5,568,349
Total non-current liabilities		4,868,719,059	4,754,557,277	632,805,800	557,689,355
Total liabilities		8,159,475,420	8,223,029,569	918,484,697	860,782,742
Shareholders' equity					
Share capital					
Registered					
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up					
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	27	568,130,588	568,130,588	-	-
Retained earnings					
Appropriated - statutory reserve	29	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		2,986,959,213	2,970,280,205	1,449,857,402	1,531,571,228
Other components of shareholders' equity		4,922,763,641	4,922,513,837	139,042,955	142,718,799
Equity attributable to owner of the Company		12,418,816,392	12,401,887,580	5,529,863,307	5,615,252,977
Equity attributable to non-controlling interests of the subsidiaries		254,019,788	258,790,598	-	-
Total shareholders' equity		12,672,836,180	12,660,678,178	5,529,863,307	5,615,252,977
Total liabilities and shareholders' equity		20,832,311,600	20,883,707,747	6,448,348,004	6,476,035,719

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 year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenue					
Revenue from hotel operations		3,572,747,471	3,657,314,373	37,370,516	38,558,068
Revenue from property development operations		1,706,842,526	927,254,458	629,510	542,350
Revenue from office rental operations		98,667,116	95,118,935	21,339,103	21,506,254
Other income	30	101,404,100	177,876,349	172,276,789	302,722,669
Total revenue		5,479,661,213	4,857,564,115	231,615,918	363,329,341
Expenses					
Cost of hotel operations		2,043,390,377	2,085,772,044	29,441,874	29,920,230
Cost of property development operations		1,132,780,838	619,146,148	-	-
Cost of office rental operations		49,879,209	43,023,352	6,728,901	6,506,250
Selling expenses		441,655,273	408,734,719	1,590,391	892,091
Administrative expenses	36, 42	1,518,113,767	1,389,514,749	184,508,760	173,317,066
Total expenses		5,185,819,464	4,546,191,012	222,269,926	210,635,637
Profit before share of profit (loss) from investments in associates, finance cost and income tax expenses					
		293,841,749	311,373,103	9,345,992	152,693,704
Share of profit (loss) from investments in associates	15	65,627,750	(3,121,399)	-	-
Profit before finance cost and income tax expenses		359,469,499	308,251,704	9,345,992	152,693,704
Finance cost		(158,178,352)	(176,782,230)	(39,015,177)	(48,974,858)
Profit (loss) before income tax expenses		201,291,147	131,469,474	(29,669,185)	103,718,846
Income tax expenses	32	(125,717,167)	(68,361,052)	9,869,096	(9,737,847)
Profit (loss) for the year		75,573,980	63,108,422	(19,800,089)	93,980,999
Profit (loss) attributable to:					
Equity holders of the Company		80,018,760	59,535,487	(19,800,089)	93,980,999
Non-controlling interests of the subsidiaries		(4,444,780)	3,572,935		
		75,573,980	63,108,422		
Basic earnings per share					
	33				
Profit (loss) attributable to equity holders of the Company		0.48	0.36	(0.12)	0.56

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) for the year		75,573,980	63,108,422	(19,800,089)	93,980,999
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements					
in foreign currency		8,004,633	9,177,173	-	-
Share of other comprehensive income (loss) from associates	15	1,023,085	(7,657,886)	-	-
Other comprehensive income (loss) to be reclassified					
to profit or loss in subsequent periods		9,027,718	1,519,287	-	-
<i>Other comprehensive income (loss) reclassified to profit or loss</i>					
<i>for the years</i>					
Exchange differences on translation of financial statements					
in foreign currency		-	(2,986,132)	-	-
Share of other comprehensive income (loss) of associate		-	(11,603,614)	-	-
Other comprehensive income (loss) reclassified to profit or loss					
for the years		-	(14,589,746)	-	-
<i>Other comprehensive income (loss) not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial loss, net of income tax	25	(9,101,458)	-	(2,250,883)	-
Other comprehensive income (loss) not to be reclassified					
to profit or loss in subsequent periods, net of income tax		(9,101,458)	-	(2,250,883)	-
Other comprehensive income (loss) for the year		(73,740)	(13,070,459)	(2,250,883)	-
Total comprehensive income (loss) for the year		75,500,240	50,037,963	(22,050,972)	93,980,999
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		80,267,510	48,329,907	(22,050,972)	93,980,999
Non-controlling interests of the subsidiaries		(4,767,270)	1,708,056		
		75,500,240	50,037,963		

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
	Equity attributable to the owners of the Company					Other components of shareholders' equity						
						Other comprehensive income			Equity attributable to non-controlling interests			
	Issued and fully paid-up share capital	Share premium	Capital reserve	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Share of other comprehensive income (loss) from 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
				Appropriated - statutory reserve	Unappropriated							
Balance as at 1 January 2017	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,952,374,270	105,634,659	4,801,620,951	28,171,260	4,935,426,870	12,396,894,678	288,407,656	12,685,302,334
Profit for the year	-	-	-	-	59,535,487	-	-	-	-	59,535,487	3,572,935	63,108,422
Other comprehensive income (loss) for the year	-	-	-	-	-	8,055,920	-	(19,261,500)	(11,205,580)	(11,205,580)	(1,864,879)	(13,070,459)
Total comprehensive income (loss) for the year	-	-	-	-	59,535,487	8,055,920	-	(19,261,500)	(11,205,580)	48,329,907	1,708,056	50,037,963
Dividend paid (Note 35)	-	-	-	-	(43,337,005)	-	-	-	-	(43,337,005)	(31,325,114)	(74,662,119)
Reversal of revaluation surplus on disposal of assets (Note 28)	-	-	-	-	1,707,453	-	(1,707,453)	-	(1,707,453)	-	-	-
Balance as at 31 December 2017	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>568,130,588</u>	<u>211,675,358</u>	<u>2,970,280,205</u>	<u>113,690,579</u>	<u>4,799,913,498</u>	<u>8,909,760</u>	<u>4,922,513,837</u>	<u>12,401,887,580</u>	<u>258,790,598</u>	<u>12,660,678,178</u>
Balance as at 1 January 2018	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,970,280,205	113,690,579	4,799,913,498	8,909,760	4,922,513,837	12,401,887,580	258,790,598	12,660,678,178
Profit for the year	-	-	-	-	80,018,760	-	-	-	-	80,018,760	(4,444,780)	75,573,980
Other comprehensive income (loss) for the year	-	-	-	-	(9,101,458)	8,327,123	-	1,023,085	9,350,208	248,750	(322,490)	(73,740)
Total comprehensive income (loss) for the year	-	-	-	-	70,917,302	8,327,123	-	1,023,085	9,350,208	80,267,510	(4,767,270)	75,500,240
Dividend paid (Note 35)	-	-	-	-	(63,338,698)	-	-	-	-	(63,338,698)	-	(63,338,698)
Reversal of revaluation surplus on disposal of assets (Note 28)	-	-	-	-	9,100,404	-	(9,100,404)	-	(9,100,404)	-	-	-
Liquidation of subsidiary	-	-	-	-	-	-	-	-	-	-	(3,540)	(3,540)
Balance as at 31 December 2018	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>568,130,588</u>	<u>211,675,358</u>	<u>2,986,959,213</u>	<u>122,017,702</u>	<u>4,790,813,094</u>	<u>9,932,845</u>	<u>4,922,763,641</u>	<u>12,418,816,392</u>	<u>254,019,788</u>	<u>12,672,836,180</u>
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

Separate financial statements

	Issued and fully paid-up share capital		Retained earnings		Other components of shareholders' equity					
					Share premium	Appropriated - Statutory reserve	Unappropriated	Other comprehensive income	Total other	Total shareholders' equity
								Revaluation surplus on assets	components of equity	
Balance as at 1 January 2017	1,666,827,010	2,062,460,582	211,675,358	1,480,927,234	142,718,799	142,718,799	5,564,608,983			
Profit for the year	-	-	-	93,980,999	-	-	93,980,999			
Other comprehensive income (loss) for the year	-	-	-	-	-	-	-			
Total comprehensive income (loss) for the year	-	-	-	93,980,999	-	-	93,980,999			
Dividend paid (Note 35)	-	-	-	(43,337,005)	-	-	(43,337,005)			
Balance as at 31 December 2017	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>1,531,571,228</u>	<u>142,718,799</u>	<u>142,718,799</u>	<u>5,615,252,977</u>			
Balance as at 1 January 2018	1,666,827,010	2,062,460,582	211,675,358	1,531,571,228	142,718,799	142,718,799	5,615,252,977			
Profit for the year	-	-	-	(19,800,089)	-	-	(19,800,089)			
Other comprehensive income (loss) for the year	-	-	-	(2,250,883)	-	-	(2,250,883)			
Total comprehensive income (loss) for the year	-	-	-	(22,050,972)	-	-	(22,050,972)			
Dividend paid (Note 35)	-	-	-	(63,338,698)	-	-	(63,338,698)			
Reversal of revaluation surplus on disposal of assets (Note 28)	-	-	-	3,675,844	(3,675,844)	(3,675,844)	-			
Balance as at 31 December 2018	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>1,449,857,402</u>	<u>139,042,955</u>	<u>139,042,955</u>	<u>5,529,863,307</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 year ended 31 December 2018

(Unit: 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 before income tax expenses	201,291,147	131,469,474	(29,669,185)	103,718,846
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	375,532,160	363,498,331	8,005,507	7,689,889
Amortisation of leasehold rights	2,495,171	2,558,891	-	-
Amortisation of transaction costs related to debenture issuance	2,020,121	2,066,840	-	-
Allowance for doubtful accounts (reversal)	(317,048)	(8,523,135)	-	1,741,237
Reduction of inventory to net realisable value	2,077,550	422,893	-	-
Share of (profit) loss from investments in associates	(65,627,750)	3,121,399	-	-
Loss (gain) on change in fair value of investment properties	(50,618,099)	(5,214,829)	2,105,654	310,575
Unrealised gain on exchange rate	-	(131,413)	-	-
Loss (gain) on sales of property, plant and equipment	1,299,395	(8,874,822)	(11,982)	(31,770)
Write off other current assets	-	7,948,794	-	-
Write off property, plant and equipment	426,423	3,421,612	18,515,442	-
Write off deposit for purchase of land	64,711,856	-	-	-
Dividend income from investments in subsidiaries	-	-	-	(33,153,290)
Dividend income from investment in associate	-	-	(28,271,056)	(18,552,881)
Provision for long-term employee benefits	11,455,914	5,354,008	1,175,930	386,701
Forfeited money from property unit	(48,531,803)	(12,522,196)	-	-
Provision for legal cases	(10,335,623)	441,822	-	-
Gain on sale of investment in subsidiary	-	(17,988,103)	-	(120,041,644)
Gain on sale of investment in associate	-	(97,745,035)	-	-
Interest income	(31,368,328)	(35,649,772)	(41,693,688)	(56,777,607)
Interest expenses	158,178,352	176,782,230	39,015,177	48,974,858
Profit (loss) from operating activities before changes in operating assets and liabilities	612,689,438	510,436,989	(30,828,201)	(65,735,086)
Operating assets (increase) decrease				
Trade and other receivables	68,871,308	(5,896,519)	(18,790,751)	8,709,709
Inventories	9,402,980	(14,485,338)	-	-
Property development cost	125,258,382	(159,604,998)	15,727,741	(6,932,427)
Other current assets	(119,321,491)	18,619,757	5,629,014	9,288,115
Long-term trade accounts receivable	(165,867,924)	76,098,952	-	-
Other non-current assets	(13,776,211)	(186,483)	(51,600)	10,400
Operating liabilities increase (decrease)				
Trade and other payables	(39,357,702)	114,658,972	(1,223,109)	(3,614,667)
Advance received from customers	227,412,519	430,831,638	323,913	(310,622)
Other current liabilities	39,641,788	3,116,389	(220,813)	(1,929,175)
Provision for long-term employee benefits	(12,508,035)	(9,797,038)	(2,506,733)	(505,302)
Settlement of provision for legal case	(10,000,000)	-	-	-
Other non-current liabilities	2,585,562	6,109,165	440,461	(174,095)
Cash flows from operating activities	725,030,614	969,901,486	(31,500,078)	(61,193,150)
Cash received for interest income	31,331,003	35,621,008	43,988,561	182,271,736
Cash paid for interest expenses	(159,301,012)	(185,836,627)	(38,634,659)	(45,124,512)
Cash paid for income tax	(110,637,075)	(114,453,502)	(5,948,110)	(3,446,379)
Net cash flows from (used in) operating activities	486,423,530	705,232,365	(32,094,286)	72,507,695

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 year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in current investment - short-term fixed deposit	(1,038,422)	(121,450)	-	-
Cash received from sale of investment in subsidiary	-	5,727,284	-	146,412,050
Cash received from sale of investment in associate	-	211,197,787	-	-
Dividend received from investments in subsidiaries	-	-	-	33,153,290
Dividend received from investment in associate	28,271,056	18,552,881	28,271,056	18,552,881
Cash received from long-term loans to subsidiaries	-	-	920,000,630	983,200,000
Cash paid for long-term loans to subsidiaries	-	-	(929,000,000)	(845,200,000)
Cash paid for investment in associate	(48,438,405)	-	-	-
Cash paid for acquisition of investment properties	(17,398,700)	(10,608,410)	-	-
Cash received from sales of property, plant and equipment	1,074,422	6,804,924	66,843	31,795
Cash paid for acquisition of property, plant and equipment	(516,345,073)	(197,941,246)	(8,500,035)	(12,234,265)
Decrease in cash and cash equivalents of subsidiary at the disposal date	(3,540)	(11,184,518)	-	-
Net cash flows from (used in) investing activities	(553,878,662)	22,427,252	10,838,494	323,915,751
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(60,000,000)	(5,000,000)	(20,000,000)	(5,000,000)
Draw down of long-term loans from subsidiaries	-	-	1,094,500,000	444,520,000
Repayment of long-term loans from subsidiaries	-	-	(1,007,000,000)	(845,200,000)
Draw down of long-term loans from financial institutions	862,624,954	229,058,096	-	75,000,000
Repayment of long-term loans from financial institutions	(591,910,750)	(550,399,358)	(500,000)	(375,000)
Repayment of debenture	(500,000,000)	-	-	-
Payment of dividends	(63,338,698)	(74,662,119)	(63,338,698)	(43,337,005)
Net cash flows from (used in) financing activities	(352,624,494)	(401,003,381)	3,661,302	(374,392,005)
Net exchange differences on translation of financial statements in foreign currency	11,776,599	13,555,405	-	-
Net increase (decrease) in cash and cash equivalents	(408,303,027)	340,211,641	(17,594,490)	22,031,441
Cash and cash equivalents at beginning of year	1,009,981,428	669,769,787	40,237,700	18,206,259
Cash and cash equivalents at end of year	601,678,401	1,009,981,428	22,643,210	40,237,700
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Share of comprehensive income (loss) from associates	1,023,085	(7,657,886)	-	-
Transfer of property, plant and equipment to property development cost	18,515,442	264,417,554	-	-
Transfer of property development cost to property, plant and equipment	114,087,019	-	-	-
Reversal of revaluation surplus on disposal of assets	9,100,404	1,707,453	-	-
Interest recorded as property development cost	1,658,721	9,479,164	-	-

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 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 shops 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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547. Their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

(a) The consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			%	%
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited	Hotel operations, property development sales and marketing service for holiday club membership	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	95.0	95.0
Laguna (3) Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> %	<u>2017</u> %
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Hotel operations	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pai Samart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Resort Development Limited	Property development and hotel operations	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership and operating a golf club	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Development Company Limited	Property development	Thailand	100.0	100.0
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Owns land on which a hotel staff dormitory is situated	Thailand	100.0	100.0
Bangtao (4) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao Development Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations	Thailand	100.0	100.0
Laguna Central Limited	Dormant	Thailand	-	85.0
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the income 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.

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - (e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - (f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - (g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

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

During the year, 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years 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 management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 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
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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 recognized 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 expects the adoption of this accounting standard to result in the following adjustments.

- 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.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued set of TFRSs related to financial instruments, which 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

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.

4. Significant accounting policies

4.1 Revenue recognition

(a) Revenue from hotel operations

- Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.
- Revenue from sales of merchandise (Gallery operation) is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

(b) Revenue from property development operations

- Revenue from the real estate sales

Revenue from sales of real estate is recognised when significant risks and rewards of ownership are transferred to the buyer, and the Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where properties are sold to non-Thais, the land is sold under a long-term lease agreement comprising an initial term of thirty years with an option to extend for two or three successive periods of thirty years each, without any additional consideration to be paid in addition to the sum of the rental paid for the initial lease term. These long-term lease agreements also contain a further option that provides if Thai law permits non-Thais to own land on a freehold basis, the lessor shall consent to sell the land to the lessee in return for a token payment. Consequently, long-term leases are recognised as sales of land for accounting purposes in accordance with the principle of applying substance over form.

- Revenue from sales of furniture

Revenue from sales of furniture is recognised when furniture is completely and satisfactorily installed.

- Revenue from sale of holiday club memberships

Revenue from the sale of holiday club memberships is wholly recognised when a legally binding contract has been signed and at least fifty percent of the contract price has been received.

- (c) Revenue from rental and services

Rental income is recognised over the lease period. Service revenue is recognised when services have been rendered taking into account the stage of completion.

- (d) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

- (e) Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cost of property development

In determining the cost of property development sold, the anticipated total development cost (after recognising the cost incurred to date) are attributed to units already sold and then recognised as cost in profit or loss.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.5 Property development cost

Property development cost is valued at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure, construction and related interest.

4.6 Inventories

Inventories are valued at the lower of cost and net realisable value, cost being determined on either the first-in, first-out or the weighted average basis.

4.7 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.9 Property, plant and equipment/Depreciation

Land is stated at its revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. As a policy, the revaluation will be performed every three years. If within that period, there are factors which may cause significant changes in the value of assets, the revaluation will be performed in that year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same assets.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 - 50	years
Machinery and equipment	5 - 15	years
Furniture, fixtures and motor vehicles	5	years
Operating and office equipment	3 - 5	years
Golf course, land improvement and external work	5 - 10	years

Depreciation is included in determining earnings.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised. The revaluation surplus presented in other components of shareholders' equity has been directly transferred to retained earnings on retirement or disposal of the assets.

4.10 Leasehold rights and amortisation

Leasehold rights of hotel units are stated at cost less accumulated amortisation and any impairment losses (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over 20 years.

The amortisation is included in determining income.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.13 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss.

4.14 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.15 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.16 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items on each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.18 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefits, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.19 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.20 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

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

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

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

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Company and its subsidiaries treat other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 17.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by independent valuer using the Market Approach for land, the Replacement Cost Approach or the Income Approach for buildings. The valuation involves certain assumptions and estimates as described in Note 18.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that the recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and subsidiaries' management has used judgement to assess of the results of the litigation and recorded contingent liabilities under "Long-term provision - provision for legal cases" as at the end of reporting period.

Investments in associates

The management determined that the Company has significant influence over some associates, even though the Company holds less than 20% of its shares. This is because the Company has key representative on the Board of Directors of the investees including participate in policy-making processes.

6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	7,722	7,836	148	131
Bank deposits	593,956	1,002,145	22,495	40,107
Total	601,678	1,009,981	22,643	40,238

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interest rates between 0.25% and 0.85% per annum (2017: between 0.25% and 0.85% per annum).

7. Long-term restricted deposits at financial institution

The long-term restricted deposit pledged with a financial institution as security for bank guarantee facilities of a subsidiary.

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	230,656	256,674	5,102	6,378
Less: Allowance for doubtful accounts	(8,566)	(7,430)	(3,300)	(3,300)
Trade accounts receivable - hotel operations, net	222,090	249,244	1,802	3,078
Trade accounts receivable - sales of property				
- Installments due	60,531	51,499	-	-
Current portion of long-term trade accounts receivable (Note 13)	184,522	196,269	-	-
Trade accounts receivable - sales of property, net	245,053	247,768	-	-
Trade accounts receivable - sales of holiday club memberships - Installments due and trade accounts receivable from sales and marketing services for holiday club memberships	81,510	114,166	-	-
Current portion of long-term trade accounts receivable (Note 13)	1,507	3,995	-	-
Trade accounts receivable - sales of holiday club memberships and sales and marketing services for holiday club memberships, net	83,017	118,161	-	-
Trade accounts receivable - net	550,160	615,173	1,802	3,078
<u>Other receivables</u>				
Amounts due from related parties (Note 9)	45,368	51,161	38,874	22,969
Other receivables	9,268	14,451	332	56
Insurance claim receivable	1,434	413	-	-
Accrued other income	8,191	3,291	234	189
Interest receivable	152	114	98	67
Accrued rental	21,478	19,965	21,479	19,964
Total other receivables	85,891	89,395	61,017	43,245
Trade and other receivables, net	636,051	704,568	62,819	46,323

The balances of trade accounts receivable - hotel operations as at 31 December 2018 and 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Age of receivables</u>				
Not yet due	120,892	146,159	287	146
Past due				
Up to 30 days	65,827	71,024	190	139
31 - 60 days	16,904	15,123	131	146
61 - 90 days	5,142	6,489	102	101
91 - 120 days	2,911	2,564	54	61
Over 120 days	18,980	15,315	4,338	5,785
Total	230,656	256,674	5,102	6,378
Less: Allowance for doubtful debts	(8,566)	(7,430)	(3,300)	(3,300)
Trade accounts receivable - hotel operations, net	<u>222,090</u>	<u>249,244</u>	<u>1,802</u>	<u>3,078</u>

The balances of trade accounts receivable - sales of property as at 31 December 2018 and 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Age of receivables</u>				
Not yet due	224,777	209,131	-	-
Past due				
Up to 30 days	11,202	10,333	-	-
31 - 60 days	4,103	5,984	-	-
61 - 90 days	1,958	3,876	-	-
91 - 120 days	947	2,982	-	-
Over 120 days	2,066	15,462	-	-
Trade accounts receivable - sales of property, net	<u>245,053</u>	<u>247,768</u>	<u>-</u>	<u>-</u>

The balances of installments due of trade accounts receivable - holiday club memberships and trade account receivable from sales and marketing service for holiday club memberships as at 31 December 2018 and 2017, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Age of receivables</u>				
Not yet due	5,275	36,030	-	-
Past due				
Up to 30 days	3,771	10,462	-	-
31 - 60 days	4,224	46	-	-
61 - 90 days	4,870	42	-	-
91 - 120 days	1,041	14	-	-
Over 120 days	62,329	67,572	-	-
Trade accounts receivable - sales of holiday club memberships - installments due and trade accounts receivable from sales and marketing service for holiday club memberships - net	<u>81,510</u>	<u>114,166</u>	<u>-</u>	<u>-</u>

9. Related party transactions

During the years, 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 bases agreed upon basis between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	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	-	-	3	3	(3) agreed basis
Interest income	-	-	41	56	(5) agreement
Interest expenses	-	-	31	37	(5) agreement

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries (continued)</u>					
Management fee income	-	-	95	71	(4), (7) agreement
Reimbursement receipts	-	-	30	9	(11) agreed basis
Reimbursement payments	-	-	9	9	(11) agreed basis
Rental and service income	-	-	5	5	(12)(iii) agreement
Rental and service expenses	-	-	6	6	(12)(iv), (v) agreement
Resort service expenses	-	-	7	9	(14) agreed basis
Sales of investment in subsidiary	-	-	-	146	As stipulated in agreement
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	4	5	-	-	(11) agreed basis
Rental and service income	22	20	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	69	80	-	-	(1) agreed basis
Inter resort receipts	-	1	-	-	(1) agreed basis
Management fee income	3	3	2	1	(4), (15), (16) agreement
Management fee expenses	248	270	-	2	(6) agreement
Purchase of spa and gallery vouchers	7	8	2	3	(2), (8) agreed basis
Sale of goods	25	26	-	-	(9) agreed basis
Reimbursement receipts	56	52	6	5	(11) agreed basis
Reimbursement payments	33	61	1	7	(11) agreed basis
Rental and service income	26	31	-	-	(12)(i), (ii), (iv), (vi) agreement
Rental and service expenses	1	-	-	-	(12) (vii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	5	6	-	-	(14) agreed basis
Training charges	13	10	-	-	(10) agreed basis
Dividend payment	-	22	-	-	As declared
Sales of investments in subsidiary and associate	-	217	-	-	As stipulated in agreements
<u>Transactions with management and directors</u>					
Sales of property	-	29	-	-	As selling price
Rental return on hotel units	2	2	-	-	As actual

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 charged 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 36 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) and 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 pays a hotel management fee of 10% of gross operating profit. Cassia Phuket and Angsana Villas Resort Phuket pay a hotel management fee of 7.5% of gross operating profit.
- (vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana and/or Cassia corporate head office shall be charged as follows:
 - Group marketing services shared on a group basis are based on 3% of total actual hotel revenue. The rate has been reduced to 2% of total actual hotel revenue since 1 July 2016.
 - Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

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

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

(16) 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.

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)	
	2018	2017
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)	
	2018	2017
Short-term loan facilities	150	150
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	20

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Amounts due from related parties				
Subsidiaries	-	-	36,707	22,319
Associated companies	59	109	-	-
Related companies (related by common shareholders)	45,309	51,052	2,167	650
Total amounts due from related parties (Note 8)	<u>45,368</u>	<u>51,161</u>	<u>38,874</u>	<u>22,969</u>
Amounts due to related parties				
Subsidiaries	-	-	8,487	10,219
Associated companies	16	-	-	-
Related companies (related by common shareholders)	121,197	125,614	933	2,737
Total amounts due to related parties (Note 21)	<u>121,213</u>	<u>125,614</u>	<u>9,420</u>	<u>12,956</u>

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

As at 31 December 2018 and 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 2018
	1 January 2018	Addition	Repayment	
Laguna Banyan Tree Limited	389,000	545,000	(470,000)	464,000
Laguna Holiday Club Limited	195,000	68,500	(55,500)	208,000
Laguna Lakes Limited	394,001	20,000	(99,001)	315,000
Laguna Grande Limited	-	295,500	(295,500)	-
Total	978,001	929,000	(920,001)	987,000

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			31 December 2018
	1 January 2018	Addition	Repayment	
Laguna Grande Limited	-	408,500	(376,000)	32,500
Laguna (3) Limited	26,000	2,000	-	28,000
TWR-Holdings Limited	320,000	684,000	(631,000)	373,000
Total	346,000	1,094,500	(1,007,000)	433,500

Directors and management's benefits

During the years ended 31 December 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	102,867	102,682	57,636	63,231
Post-employment benefits	2,808	2,709	1,459	1,503
Other long-term employee benefits	37	37	22	22
Total	105,712	105,428	59,117	64,756

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Food and beverage	25,032	28,054	-	-	25,032	28,054
Finished goods and supplies	77,670	86,000	(1,585)	(1,457)	76,085	84,543
Total	102,702	114,054	(1,585)	(1,457)	101,117	112,597

11. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Property for sale under holiday club memberships	425,209	420,172	-	-
Completed buildings	641,385	806,596	-	-
Land	1,796,067	1,954,124	111,429	111,429
Property under construction	952,679	805,087	-	15,728
Total	3,815,340	3,985,979	111,429	127,157

Subsidiaries have mortgaged property development cost amounting to Baht 788 million (2017: Baht 978 million) as collateral against its credit facilities received from financial institutions.

The property development cost has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 1.7 million were capitalised for the year ended 31 December 2018 (2017: Baht 9 million). The weighted average rate of 4.78% (2017: 4.68%) has been used to determine the amount of borrowing costs eligible for capitalisation.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Value added tax	47,263	32,778	962	582
Prepaid expenses and withholding tax deducted at source	39,689	47,190	6,425	7,183
Advances to suppliers and staff	73,753	33,454	786	2,669
Income tax and VAT refundable	31,768	25,457	6,943	4,362
Deposit for purchase of office units for rent	79,250	-	-	-
Total	271,723	138,879	15,116	14,796

13. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 13.1 Installments receivable from property sales which bear interest at a rate of 5.0% - 7.0% and MLR plus 0.5% per annum and installments are repaid over a period of 3 to 10 years.
- 13.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 9.0% 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	
	2018	2017
Current portion of long-term trade accounts receivable	186,029	200,264
Long-term trade accounts receivable	488,042	322,175
Total	<u>674,071</u>	<u>522,439</u>
Sales of property		
Within 1 year (Note 8)	184,522	196,269
Over 1 year to 5 years	487,145	319,337
Over 5 years	-	347
Long-term trade accounts receivable - sales of property	<u>671,667</u>	<u>515,953</u>
Sales of holiday club memberships		
Within 1 year (Note 8)	1,507	3,995
Over 1 year to 5 years	897	2,491
Long-term trade accounts receivable - sales of holiday club memberships	<u>2,404</u>	<u>6,486</u>
Total	<u>674,071</u>	<u>522,439</u>

14. 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	
	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	SGD 0.43	51.0	51.0	4.0	4.0
	Million	Million				
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	USD 2.3	100.0	100.0	-	-
	Million	Million				
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⁾	-	1.0	-	85.0	-	-
<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 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 during the year.

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

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	2018	2017
Banyan Tree Gallery (Singapore) Pte Limited	-	7,463
Banyan Tree Gallery (Thailand) Limited	-	25,690
Total	-	33,153

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

The Company has goodwill from purchase of shares in subsidiaries as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

Goodwill acquired through business combination was related to Thai Wah Plaza Limited and Laguna Banyan Tree Limited. Each entity has been identified as the single cash-generating unit ("CGU") for impairment testing.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value in use calculations are as below:

	Thai Wah Plaza Limited		Laguna Banyan Tree Limited	
	2018	2017	2018	2017
Growth rate (% per annum)	3.69	2.97	12.24	9.65
Discount rate (% per annum)	8.90	8.18	8.88	8.22

Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets.

With regards to the assessment of value in use, management believes that goodwill is not impaired.

15. Investments in associates

15.1 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	
			2018	2017	2018	2017	2018	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	793,720	807,281
Banyan Tree China Pte. Ltd.	Holding company	Singapore	10.69	10.69	173,495	125,057	221,497	121,118
Total investments in associates - net					950,949	902,511	1,015,217	928,399

(Unit: Thousand Baht)

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

Banyan Tree China Pte. Ltd., held by Laguna Banyan Tree Limited, was incorporated in Singapore and is engaged in investment holding.

Tropical Resorts Ltd., held by Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holding.

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 31 December 2018 and 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.

15.2 Share of comprehensive income (loss) and dividend received

During the years, the Company and subsidiary have recognised their share of comprehensive income (loss) from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit (loss) from investments in associates during the years		Share of other comprehensive income (loss) from investments in associates during the years	
	2018	2017	2018	2017
Lijiang Banyan Tree Hotel Co., Ltd.	-	(50,256)	-	(4,964)
Thai Wah Public Company Limited	12,643	51,402	2,067	(3,022)
Banyan Tree China Pte. Ltd.	52,985	(4,267)	(1,044)	328
Total	65,628	(3,121)	1,023	(7,658)

(Unit: Thousand Baht)

Company's name	Separate financial statements	
	Dividend received	
	2018	2017
Thai Wah Public Company Limited	28,271	18,553
Total	28,271	18,553

15.3 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 December	
	2018	2017
Thai Wah Public Company Limited	733	826

15.4 Summarised financial information about material associates

Summarised information about financial position

	(Unit: Million Baht)			
	Thai Wah Public Company Limited		Banyan Tree China Pte. Ltd.	
	2018	2017	2018	2017
Current assets	3,201	3,148	-	-
Non-current assets	3,901	3,968	2,436	3,602
Current liabilities	(796)	(808)	-	-
Non-current liabilities	(440)	(402)	-	-
Non-controlling interests	(562)	(560)	-	-
Net assets	5,304	5,346	2,436	3,602
Shareholding percentage (%)	10.03	10.03	10.69	10.69
Share of net assets	532	536	260	385
Difference in share of net assets and net book value of investment	-	-	(39)	(264)
Difference in fair value of identifiable assets	164	166	-	-
Goodwill	98	98	-	-
Other adjustment	-	7	-	-
Carrying amounts of associates based an equity method	794	807	221	121

Summarised information about comprehensive income

	(Unit: Million Baht)			
	Thai Wah Public Company Limited		Banyan Tree China Pte. Ltd.	
	2018	2017	2018	2017
Revenue	7,329	6,472	-	-
Profit (loss)	156	493	(43)	(40)
Other comprehensive income (loss)	40	(61)	(3)	3
Total comprehensive income (loss)	196	432	(46)	(37)

15.5 Summarised financial information of other associate

	(Unit: Million Baht)	
	For the year ended 31 December	
	Tropical Resorts Ltd.	
	2018	2017
Loss	(248)	(246)
Other comprehensive income (loss)	158	338
Total comprehensive income (loss)	90	92

15.6 Investment in associate with capital deficit

The subsidiary recognised share of losses from investment in Tropical Resorts Ltd., until the value of the investment approached zero. Subsequent losses incurred by this associate has not been recognised in the subsidiary's accounts since the subsidiary has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of profit (losses) is set out below.

Company's name	(Unit: Million Baht)			
	Unrecognised share of profit (losses)			
	Share of profit (losses) during the years		Cumulative share of losses up to 31 December	
	2018	2017	2018	2017
Tropical Resorts Ltd.	23	(23)	(229)	(252)

16. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	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

17. Investment properties

	(Unit: Thousand Baht)							
	Consolidated financial statements							
	2018				2017			
	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total
Balance at beginning of year	435,042	720,620	9,672	1,165,334	434,781	705,300	9,430	1,149,511
Addition	-	17,399	-	17,399	-	10,608	-	10,608
Transfer	-	-	-	-	-	(242)	242	-
Net gain from a fair value adjustment	307	50,311	-	50,618	261	4,954	-	5,215
Balance at end of year	435,349	788,330	9,672	1,233,351	435,042	720,620	9,672	1,165,334

(Unit: Thousand Baht)

	Separate financial statements							
	2018				2017			
	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total
Balance at beginning of year	159,397	16,900	9,430	185,727	159,378	17,230	9,430	186,038
Net gain (loss) from a fair value adjustment	274	(2,380)	-	(2,106)	19	(330)	-	(311)
Balance at end of year	159,671	14,520	9,430	183,621	159,397	16,900	9,430	185,727

The fair value of the investment properties has been determined based on valuation performed by an accredited independent valuer, using the basis as follows:

- Land awaiting development / sales was revalued using the Market Approach.
- Units in office building and shops for rent were revalued using the Income Approach.

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Discount rate (%)	9 - 11	9	Decrease in fair value
Average rental rate per square metre per month (Baht)	610 and 625	610	Increase in fair value
Price per rai (Thousand Baht)	110 - 13,000	169 - 8,513	Increase in fair value

As at 31 December 2018, the subsidiaries have pledged investment properties amounting to approximately Baht 729 million (2017: Baht 675 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 42.

18. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost										
As at 1 January 2017	1,511,985	5,095,244	434,558	1,634,105	1,083,190	491,626	59,285	182,859	51,891	10,544,743
Additions	-	11,258	62	37,426	27,106	35,095	428	2,517	84,049	197,941
Disposals and write-off	-	(4,692)	(76)	(639)	(11,915)	(13,015)	(121)	(3,376)	(3,092)	(36,926)
Disposal from sales of investment in subsidiaries	-	-	-	-	(2,223)	-	-	-	-	(2,223)
Transfers in/out	-	18,497	1,873	31,234	6,065	10,531	163	1,871	(70,234)	-
Transfer to property development cost	(1,218)	(27,075)	-	-	-	-	-	-	-	(28,293)
Adjustments	50	679	(2,734)	(1,993)	(2,526)	1,917	-	(343)	(361)	(5,311)
As at 31 December 2017	1,510,817	5,093,911	433,683	1,700,133	1,099,697	526,154	59,755	183,528	62,253	10,669,931
Additions	-	7,376	902	49,085	51,794	44,540	1,081	13,440	348,127	516,345
Disposals and write-off	-	-	-	(2,224)	(36,713)	(25,066)	(9)	(960)	-	(64,972)
Transfers in/out	-	115,656	-	19,912	19,848	25,912	806	1,905	(184,039)	-
Transfer to property development cost	-	(30,684)	-	-	-	-	-	-	-	(30,684)
Transfer from property development cost	-	100,659	-	-	13,428	-	-	-	-	114,087
Adjustments	(44)	(3,946)	(2,104)	(356)	(353)	(807)	(88)	(380)	(1,193)	(9,271)
As at 31 December 2018	1,510,773	5,282,972	432,481	1,766,550	1,147,701	570,733	61,545	197,533	225,148	11,195,436

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Accumulated depreciation										
As at 1 January 2017	(571)	(1,523,215)	(319,532)	(1,088,726)	(910,365)	(342,819)	(41,434)	(164,286)	-	(4,390,948)
Depreciation charged for the year	-	(146,766)	(13,255)	(88,860)	(52,690)	(48,195)	(4,297)	(7,832)	-	(361,895)
Disposals and write-off	-	1,429	76	499	11,493	12,503	121	3,371	-	29,492
Disposal from sales of investment in subsidiaries	-	-	-	-	1,639	-	-	-	-	1,639
Transfer to property development cost	-	1,231	-	-	-	-	-	-	-	1,231
Adjustments	-	(1,763)	33	1,917	818	(340)	-	281	-	946
As at 31 December 2017	(571)	(1,669,084)	(332,678)	(1,175,170)	(949,105)	(378,851)	(45,610)	(168,466)	-	(4,719,535)
Depreciation charged for the year	-	(151,441)	(11,704)	(93,795)	(54,177)	(52,213)	(3,700)	(6,207)	-	(373,237)
Disposals and write-off	-	-	-	1,717	34,703	24,838	4	910	-	62,172
Transfer to property development cost	-	16,427	-	-	-	-	-	-	-	16,427
Adjustments	-	1,621	54	(72)	312	148	86	358	-	2,507
As at 31 December 2018	(571)	(1,802,477)	(344,328)	(1,267,320)	(968,267)	(406,078)	(49,220)	(173,405)	-	(5,011,666)
Allowance for impairment loss										
As at 1 January 2017	-	(5,093)	-	-	-	-	-	-	-	(5,093)
Adjustments	-	170	-	-	-	-	-	-	-	170
As at 31 December 2017	-	(4,923)	-	-	-	-	-	-	-	(4,923)
Adjustments	-	170	-	-	-	-	-	-	-	170
As at 31 December 2018	-	(4,753)	-	-	-	-	-	-	-	(4,753)
Net book value - At cost										
As at 1 January 2017	1,511,414	3,566,936	115,026	545,379	172,825	148,807	17,851	18,573	51,891	6,148,702
As at 31 December 2017	1,510,246	3,419,904	101,005	524,963	150,592	147,303	14,145	15,062	62,253	5,945,473
As at 31 December 2018	1,510,202	3,475,742	88,153	499,230	179,434	164,655	12,325	24,128	225,148	6,179,017

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion										
As at 1 January 2017	5,529,355	104,733	-	-	-	-	-	-	-	5,634,088
Transfer to property development cost	(237,355)	-	-	-	-	-	-	-	-	(237,355)
Disposal - others	-	(13)	-	-	-	-	-	-	-	(13)
As at 31 December 2017	5,292,000	104,720	-	-	-	-	-	-	-	5,396,720
Transfer to property development cost	-	(9,095)	-	-	-	-	-	-	-	(9,095)
As at 31 December 2018	-	95,625	-	-	-	-	-	-	-	5,387,625
Accumulated depreciation										
As at 1 January 2017	-	(40,566)	-	-	-	-	-	-	-	(40,566)
Depreciation of revaluation surplus on assets	-	(1,773)	-	-	-	-	-	-	-	(1,773)
Disposal - others	-	4	-	-	-	-	-	-	-	4
As at 31 December 2017	-	(42,335)	-	-	-	-	-	-	-	(42,335)
Depreciation of revaluation surplus on assets	-	(2,465)	-	-	-	-	-	-	-	(2,465)
Transfer to property development cost	-	4,837	-	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(39,963)	-	-	-	-	-	-	-	(39,963)
Net book value - revaluation portion										
As at 1 January 2017	5,529,355	64,167	-	-	-	-	-	-	-	5,593,522
As at 31 December 2017	5,292,000	62,385	-	-	-	-	-	-	-	5,354,385
As at 31 December 2018	5,292,000	55,662	-	-	-	-	-	-	-	5,347,662
Property, plant and equipment - net										
As at 1 January 2017	7,040,769	3,631,103	115,026	545,379	172,825	148,807	17,851	18,573	51,891	11,742,224
As at 31 December 2017	6,802,246	3,482,289	101,005	524,963	150,592	147,303	14,145	15,062	62,253	11,299,858
As at 31 December 2018	6,802,202	3,531,404	88,153	499,230	179,434	164,655	12,325	24,128	225,148	11,526,679
Depreciation for the year										
2017										363,498
2018										375,532

Separate financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office Equipment	External work	Motor vehicles	Construction in process	Total
At cost									
As at 1 January 2017	189	57,302	16,108	12,820	28,029	1,420	8,558	-	124,426
Additions	-	40	-	2,353	9,453	107	-	281	12,234
Disposal and write off	-	-	-	-	(859)	-	-	-	(859)
As at 31 December 2017	189	57,342	16,108	15,173	36,623	1,527	8,558	281	135,801
Additions	-	-	87	428	1,114	-	-	6,870	8,499
Disposal and write off	-	(30,684)	-	(156)	(1,414)	-	-	-	(32,254)
Adjustments	-	-	-	-	-	-	-	(50)	(50)
As at 31 December 2018	189	26,658	16,195	15,445	36,323	1,527	8,558	7,101	111,996
Accumulated depreciation									
As at 1 January 2017	-	(31,344)	(4,373)	(11,354)	(23,328)	(1,364)	(7,658)	-	(79,421)
Depreciation charged for the year	-	(1,812)	(1,074)	(557)	(3,718)	(44)	(250)	-	(7,455)
Disposal and write off	-	-	-	-	859	-	-	-	859
As at 31 December 2017	-	(33,156)	(5,447)	(11,911)	(26,187)	(1,408)	(7,908)	-	(86,017)
Depreciation charged for the year	-	(1,501)	(1,088)	(851)	(4,158)	(31)	(201)	-	(7,830)
Disposal and write off	-	16,427	-	156	1,360	-	-	-	17,943
As at 31 December 2018	-	(18,230)	(6,535)	(12,606)	(28,985)	(1,439)	(8,109)	-	(75,904)
Net book value - At cost									
As at 1 January 2017	189	25,958	11,735	1,466	4,701	56	900	-	45,005
As at 31 December 2017	189	24,186	10,661	3,262	10,436	119	650	281	49,784
As at 31 December 2018	189	8,428	9,660	2,839	7,338	88	449	7,101	36,092

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and Land Improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
Revaluation portion									
As at 1 January 2017	3,804	14,092	-	-	-	-	-	-	17,896
As at 31 December 2017	3,804	14,092	-	-	-	-	-	-	17,896
Disposal and write off	-	(9,095)	-	-	-	-	-	-	(9,095)
As at 31 December 2018	3,804	4,997	-	-	-	-	-	-	8,801
Accumulated depreciation									
As at 1 January 2017	-	(7,229)	-	-	-	-	-	-	(7,229)
Depreciation of revaluation surplus on assets	-	(235)	-	-	-	-	-	-	(235)
As at 31 December 2017	-	(7,464)	-	-	-	-	-	-	(7,464)
Depreciation of revaluation surplus on assets	-	(176)	-	-	-	-	-	-	(176)
Disposal and write off	-	4,837	-	-	-	-	-	-	4,837
As at 31 December 2018	-	(2,803)	-	-	-	-	-	-	(2,803)
Net book value - revaluation portion									
As at 1 January 2017	3,804	6,863	-	-	-	-	-	-	10,667
As at 31 December 2017	3,804	6,628	-	-	-	-	-	-	10,432
As at 31 December 2018	3,804	2,194	-	-	-	-	-	-	5,998
Property, plant and equipment - net									
As at 1 January 2017	3,993	32,821	11,735	1,466	4,701	56	900	-	55,672
As at 31 December 2017	3,993	30,814	10,661	3,262	10,436	119	650	281	60,216
As at 31 December 2018	3,993	10,622	9,660	2,839	7,338	88	449	7,101	42,090
Depreciation for the year									
2017									7,690
2018									8,006

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.

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Building - Price per square metre (Baht)	1,000 - 67,000	1,000 - 15,000	Increase in fair value
Discount rate (%)	13%	-	Decrease in fair value
Average room rate per night (Baht)	15,452	-	Increase in fair value
Land - Price per rai (Million Baht)	1.5 - 380	18	Increase in fair value

As at 31 December 2018, certain buildings and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 2,295 million (2017: Baht 2,182 million) (Separate financial statements: Baht 42 million, 2017: Baht 41 million).

The subsidiaries have mortgaged land and buildings at fair value of Baht 7,488 million (2017: Baht 7,388 million) as collateral against credit facilities received from financial institutions.

19. Leasehold rights

	(Unit: Thousand Baht)
	<u>Hotel units</u>
Cost	
As at 1 January 2017	50,367
Exchange rate adjustment	(703)
As at 31 December 2017	<u>49,664</u>
Exchange rate adjustment	(1,540)
As at 31 December 2018	<u>48,124</u>
Accumulated amortisation	
As at 1 January 2017	(36,161)
Amortisation for the year	(2,559)
Exchange rate adjustment	517
As at 31 December 2017	<u>(38,203)</u>
Amortisation for the year	(2,495)
Exchange rate adjustment	1,212
As at 31 December 2018	<u>(39,486)</u>

(Unit: Thousand Baht)

Net book value

As at 1 January 2018

11,461

As at 31 December 2018

8,638

Hotel units

Leasehold rights of hotel units are amortised over the term of the lease of 20 years from July 2002 to June 2022.

20. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		Short-term loans from financial institutions	3.63 – 3.65 (2017: 3.63)	450,000	510,000
Total		450,000	510,000	240,000	260,000

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 18 and by the guarantee provided by subsidiaries.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable	325,389	330,676	1,478	1,666
Amounts due to related parties (Note 9)	121,213	125,614	9,420	12,956
Accrued expenses	198,140	223,511	13,885	12,714
Other payables	107,971	100,651	209	29
Service charge payable to hotel staff	34,256	37,565	-	-
Accrued rental to villa owners	99,104	106,878	8,687	7,156
Total	886,073	924,895	33,679	34,521

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Value added tax payable	60,148	60,386	4,487	3,022
Unearned income	34,614	35,418	-	72
Other tax payable	89,978	63,870	3,134	3,748
Short-term provision	18,140	6,884	-	1,050
Total	202,880	166,558	7,621	7,892

23. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Secured	2,997,194	2,726,480	74,125	74,625
Long-term loans are repayable as follows:				
Within 1 year	673,343	518,610	3,875	500
Over 1 year to 5 years	1,820,601	2,084,620	62,000	33,875
Over 5 years	503,250	123,250	8,250	40,250
	2,323,851	2,207,870	70,250	74,125
Total	2,997,194	2,726,480	74,125	74,625

Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>The Company</u>				
(1) Baht loan from a bank, with a facility of Baht 75 million repayable quarterly from April 2017 to January 2024, at an interest rate as follows: 2017 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	74,125	74,625	74,125	74,625
<u>Subsidiaries</u>				
(2) Baht loan from a bank, with a facility of Baht 1,000 million ^(a) repayable quarterly from October 2009 to July 2022, at an interest rate as follows: 2012 -2017: MLR less 1% and 1.5% per annum 2018 onwards: MLR less 0.5% and 0.75% per annum	467,550	595,550	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Subsidiaries (continued)				
(3) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows:				
2012 onwards: MLR less 1% and 1.5% per annum	320,000	400,000	-	-
(4) Baht loan from a bank, with a facility of Baht 298 million ^(a) repayable quarterly from June 2014 to March 2022, at an interest rate as follows:				
2016 onwards: MLR less 1% and 1.25% per annum	114,729	146,729	-	-
(5) Baht loan from a bank, with a facility of Baht 175 million, repayable quarterly from January 2017 to October 2023, at an interest rate as follows:				
2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	169,500	174,000	-	-
(6) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from December 2016 to September 2022, at an interest rate as follows:				
2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	64,000	80,000	-	-
(7) Baht loan from a bank, with a facility of Baht 600 million ^(a) repayable quarterly from June 2016 to March 2021, at an interest rate as follows:				
2015 onwards: MLR less 0.75% and 1.25% per annum	282,294	397,532	-	-
(8) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from August 2018 to August 2022, at an interest rate as follows:				
2015 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	365,840	507,669	-	-
(9) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from October 2018 to May 2030, at an interest rate as follows:				
2018 -2022: MLR less 1.5% per annum				
2022 onwards: MLR less 1.25% per annum	500,000	-	-	-
(10) Baht loan from a bank, with a facility of Baht 300 million repayable quarterly from December 2019 to July 2031, at an interest rate as follows:				
2018 onwards: MLR less 1.25% and 1.50% per annum	250,156	-	-	-
(11) Baht loan from a bank, with a facility of Baht 450 million ^(a) repayable quarterly from August 2017 to May 2023, at an interest rate as follows:				
2016 onwards: MLR less 1.0%, 1.25% and 1.5% per annum	389,000	350,375	-	-
Total long-term loans from financial institutions	<u>2,997,194</u>	<u>2,726,480</u>	<u>74,125</u>	<u>74,625</u>
MLR: Minimum Lending Rate				

(a) Also subject to mandatory prepayment in inverse order of maturity upon the ownership transfer of property sales units.

Movement of the long-term loan account during the year ended 31 December 2018 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	2,726,480	74,625
Add: Additional borrowings	862,625	-
Less: Repayment	(591,911)	(500)
Balance as at 31 December 2018	<u>2,997,194</u>	<u>74,125</u>

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 11, 17, 18. The loan in (8) above is guaranteed by a subsidiary and the pledge of 10 million ordinary shares of Thai Wah Public Company Limited.

The loan agreements contain several covenants which, among other things, require the Company and its subsidiaries to maintain debt to equity ratios and debt service coverage ratios at the rate prescribed in the agreements.

As at 31 December 2018, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 555 million (2017: Baht 543 million).

24. Unsecured debenture

				(Unit: Thousand Baht)	
				Consolidated financial statements	
Debenture	Interest rate	Terms	Due date	2018	2017
Debenture No. 1/2016	5.15% p.a.	3 years	24 December 2018	-	500,000
Total debenture, at face value				-	500,000
Less: Unamortised portion of deferred transaction costs				-	(2,020)
Total debenture				-	497,980
Less: Debenture due within one year				-	(497,980)
Debenture - due over one year				-	-

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

Movement of debenture account during the year ended 31 December 2018 are summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2018	500,000
Less: Repayment	(500,000)
Balance as at 31 December 2018	-

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and other employee benefits plan, was as follows:

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	2018			2017		
	Post- employment benefits	Other long-term benefits	Total	Post- employment benefits	Other long-term benefits	Total
Balance at beginning of year	33,846	21,322	55,168	33,371	26,240	59,611
Included in profit or loss:						
Current service cost	2,077	2,186	4,263	2,093	2,206	4,299
Interest cost	524	486	1,010	544	511	1,055
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	742	742	-	-	-
Financial assumptions changes	-	(1,546)	(1,546)	-	-	-
Experience adjustments	-	6,987	6,987	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	341	-	341	-	-	-
Financial assumptions changes	341	-	341	-	-	-
Experience adjustments	10,695	-	10,695	-	-	-
Benefits paid during the year	(5,830)	(6,678)	(12,508)	(2,162)	(7,635)	(9,797)
Balance at end of year	41,994	23,499	65,493	33,846	21,322	55,168

(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	13,446	1,341	14,787	13,198	1,708	14,906
Included in profit or loss:						
Current service cost	184	123	307	160	102	262
Interest cost	88	41	129	88	36	124
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	89	89	-	-	-
Financial assumptions changes	-	(185)	(185)	-	-	-
Experience adjustments	-	836	836	-	-	-
Included in other comprehensive income:						
Actuarial loss arising from						
Demographic assumptions changes	84	-	84	-	-	-
Financial assumptions changes	84	-	84	-	-	-
Experience adjustments	2,646	-	2,646	-	-	-
Benefits paid during the year	(1,955)	(552)	(2,507)	-	(505)	(505)
Balance at end of year	<u>14,577</u>	<u>1,693</u>	<u>16,270</u>	<u>13,446</u>	<u>1,341</u>	<u>14,787</u>

As at 31 December 2018, cumulative actuarial gains (net of actuarial losses) of post-employment benefits, which were recognised in other comprehensive income of the Company and its subsidiaries and recognised as a part of retained earnings as at 31 December 2018, amounted to Baht 10 million (2017: Baht 19 million) (Separate financial statements: Cumulative actuarial loss Baht 1 million and 2017: cumulative actuarial gain Baht 1 million).

The Company and its subsidiaries expect to pay Baht 20 million of long-term employee benefits during the next year (Separate financial statements: Baht 13 million) (2017: Baht 8 million, separate financial statements: Baht 2 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 years (Separate financial statements: 10 years) (2017: 10 years, separate financial statements: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate (% per annum)	2.75	2.75	2.75	2.75
Salary increase rate (% per annum)	3.25	3.00	3.25	3.00
Gold price (Baht)	18,500	19,000	18,500	19,000

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(850)	1,571	(315)	332
Salary increase rate (+/-1.00%)	2,447	(1,611)	768	(705)
Gold Price (+/- 1,000 Baht)	785	(124)	33	(33)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 7 million (The Company only: Baht 2 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

26. Provision for legal cases

(Unit: Thousand Baht)

	Consolidated financial statement	
	2018	2017
Balance at beginning of year	41,018	40,576
Increase	20,682	442
Settlement	(10,000)	-
Reversal	(31,018)	-
Balance at end of year	<u>20,682</u>	<u>41,018</u>

(Unit: Thousand Baht)

	Consolidated financial statement	
	2018	2017
Current	-	-
Non-current	20,682	41,018
	<u>20,682</u>	<u>41,018</u>

27. Capital reserve

The capital reserve relates to the accounting of assets in subsidiaries at their fair values as at the acquisition date and cannot be used for dividend payments.

28. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance - beginning of year	4,799,913	4,801,621	142,719	142,719
Reversal of revaluation surplus on disposal of assets	(9,100)	(1,708)	(3,676)	-
Balance - end of year	<u>4,790,813</u>	<u>4,799,913</u>	<u>139,043</u>	<u>142,719</u>

The revaluation surplus can neither be offset against a deficit nor used for dividend payment.

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

30. Other income

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Interest income	31,368	35,650	41,694	56,778
Dividend income	-	-	28,271	51,706
Gain on sales of investments in subsidiaries	-	17,988 ⁽¹⁾	-	120,042 ⁽³⁾
Gain on sale of investment in associate	-	97,745 ⁽²⁾	-	-
Gain on change in fair value of investment properties	50,618	5,215	-	-
Management fee income	2,553	429	97,233	72,782
Other	16,865	20,849	5,079	1,415
Total	101,404	177,876	172,277	302,723

- (1) During the year 2017, Banyan Tree Gallery (Singapore) Pte Limited (a subsidiary) sold all shares in Lijiang Banyan Tree Gallery Trading Company Limited (an indirect subsidiary) to related companies, at a consideration of SGD 0.2 million or Baht 5.7 million. The Company recognised the difference between the selling price and the net book value of the investment in the indirect subsidiary under the equity method of Baht 18 million as gain on sale of investment in subsidiary in the consolidated income statement for the year 2017.
- (2) During the year 2017, Laguna Banyan Tree Limited (a subsidiary) sold 24.52 percent of shares in Lijiang Banyan Tree Hotel Co., Ltd. (an associate) to related companies, at a consideration of RMB 42.8 million or Baht 211.2 million. The subsidiary recognised the difference between the selling price and the net book value under the equity method of Baht 97.7 million as gain on sale of investment in associate in the consolidated income statement for the year 2017.
- (3) During the year 2017, the Company sold 235,000 ordinary shares or 2.4% interest in Laguna Grande Limited (a subsidiary), for a selling price of Baht 146.4 million to Laguna Holiday Club Limited (a subsidiary). The Company recognised the difference between the selling price and the net book value of the investment in subsidiary of Baht 120 million as a gain on sale of investment in subsidiary in the separate income statement for the year 2017. However, this transaction did not have any impact on the consolidated financial statement.

31. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Salaries, wages and other employee benefits	1,139,368	1,181,981	107,380	122,564
Depreciation	375,532	363,498	8,006	7,690
Rental expenses from operating lease agreements	252,381	264,250	32,974	33,410
Repairs and maintenance	173,493	173,289	4,759	2,008
Water and electricity	209,690	201,339	4,630	4,661
Management, incentive fee and royalty fees	173,598	180,028	-	-
Commission	165,586	197,960	-	-
Sales and marketing expenses	289,994	213,998	(349)	378
Food and beverage cost	339,818	352,584	-	-
Increase in land and construction during the year	962,142	1,065,170	-	6,932
Change in property development cost	170,639	(446,024)	15,728	(6,932)

32. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	91,525	97,171	-	-
Adjustment in respect of income tax of previous year	5,318	(1,766)	-	-
Write off prepaid withholding tax	890	4,952	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	27,984	(31,996)	(9,869)	9,738
Income tax expense reported in the income statement	125,717	68,361	(9,869)	9,738

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to actuarial loss	(2,275)	-	(563)	-

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before income tax	201,291	131,469	(29,669)	103,719
Applicable tax rate	0% - 20%	0% - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	40,328	26,170	(5,934)	20,744
Adjustment in respect of income tax of previous year	5,318	(1,766)	-	-
Write off prepaid withholding tax	890	4,952	-	-
Effects of:				
Gain on sales of investments in subsidiaries in the Group	43,799	39,527	-	-
Gain on sale of investment in associate	-	(6,331)	-	-
Dividend income	-	-	(5,654)	(10,341)
Unused tax losses	28,378	(17,284)	-	-
Non-taxable expenses	7,004	23,093	1,719	(665)
Total	79,181	39,005	(3,935)	(11,006)
Income tax expense reported in the income statement	125,717	68,361	(9,869)	9,738

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements	
	2018	2017
Deferred tax assets (liabilities)		
Unutilised tax losses	185,565	189,945
Provision for long-term employee benefits	10,297	11,034
Intercompany charges to property development cost and property, plant and equipment	18,655	18,721
Other items of deferred tax assets	23,312	11,868
Revaluation surplus on assets	(1,582,870)	(1,587,138)
Temporary differences arising from revenue and cost recognition	(746,250)	(721,583)
Gain on change in fair value of investment properties	(175,418)	(163,847)
Net deferred tax liabilities	(2,266,709)	(2,241,000)

Reflected in the statements of financial position as follows:

Deferred tax assets	78,025	98,128
Deferred tax liabilities	(2,344,734)	(2,339,128)
Deferred tax liabilities, net	(2,266,709)	(2,241,000)

(Unit: Thousand Baht)

	Statements of financial position	
	Separated financial statements	
	2018	2017
Deferred tax assets (liabilities)		
Unutilised tax losses	18,892	13,593
Provision for long-term employee benefits	3,254	2,957
Other items of deferred tax assets	1,116	1,326
Revaluation surplus on assets	(21,211)	(22,098)
Temporary differences arising from revenue recognition	(84,431)	(88,337)
Gain on change in fair value of investment properties	(24,397)	(24,649)
Net deferred tax liabilities	(106,777)	(117,208)

As at 31 December 2018, the Company and its subsidiaries have unused tax losses totaling Baht 266 million (2017: Baht 282 million), on which deferred tax assets have not been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
31 December 2018	-	56,832	-	-
31 December 2019	51,215	51,287	-	-
31 December 2020	54,699	54,952	-	-
31 December 2021	38,091	38,585	-	-
31 December 2022	67,832	80,467	-	-
31 December 2023	53,895	-	-	-
	<u>265,732</u>	<u>282,123</u>	<u>-</u>	<u>-</u>

33. Basic earnings per share

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

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	80,019	59,535	(19,800)	93,981
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	0.48	0.36	(0.12)	0.56

34. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Contributions are made to the fund by both employees and the Company and its subsidiaries and will be paid to employees upon termination in accordance with the fund rules of the Company and its subsidiaries' provident fund.

During the years, the contributions were recognised as expenses as following details:

	Fund Manager		Company's contribution in	
	Operation staffs	Office staffs	2018	2017
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	2.9	4.1
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.1	1.1
Bangtao Grande Limited	SCB Asset Management Company Limited	-	4.2	3.5
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.3	6.3
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.9	0.6
Banyan Tree Gallery (Singapore) Pte Ltd.	-	Central Provident Fund Board	1.3	1.4
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.2	2.2
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	0.9	0.9
Thai Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	4.4	3.9
Laguna Village Limited	MFC Asset Management Plc.	-	0.7	0.7
Laguna Excursions Limited	-	MFC Asset Management Plc.	0.3	0.4
Phuket Resort Development Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.2	1.2

(Unit: Million Baht)

35. Dividends

Dividends declared in 2018 and 2017 consisted 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
Total for 2018		63.34	
Dividends on 2016 retained earnings	Annual General Meeting of the shareholders on 20 April 2017	43.34	0.26
Total for 2017		43.34	

36. Commitments

Capital commitment

As at 31 December 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 rental amounting to Baht 162 million (2017: Baht 22 million).
- (b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 894 million (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 year, the management has decided not to purchase 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.

Operating agreements

As at 31 December 2018 and 2017, the 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' hotels and golf businesses. 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.

- (b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The cash rewards options are included fixed return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 3 years.

As at 31 December 2018 and 2017, future minimum payments required under these agreements were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payable within:				
In up to 1 year	10	19	5	5
In over 1 and up to 5 years	8	17	7	13

During the year 2018, the Company and its subsidiaries recognised rental expenses of Baht 19 million (2017: Baht 31 million) (Separate financial statements: Baht 5 million and 2017: Baht 7 million).

Servitude over land

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

37. Guarantees

As at 31 December 2018, there were bank guarantees amounting to Baht 58 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 (2017: Baht 54 million, Separate financial statements: Baht 2 million).

38. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have the reportable segments as follows:

- Hotel business segment relates to hotel and restaurant operations including other relating businesses such as golf club and sales of merchandise.
- Property development segment relates to property sales and sale of holiday club memberships.

- Office rental segment relates to rental and service from lands and buildings which managements manage for lease.
- Head office segment relates to expenses incurred by corporate office and is not allocated to other operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2018				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,774	1,714	112	-	5,600
Intersegment revenues	(202)	(7)	(13)	-	(222)
Revenue from external customers	3,572	1,707	99	-	5,378
Results:					
Segment results	147	141	26	(122)	192
Unallocated income					71
Profit from operations and other income					263
Interest income	2	29	-	-	31
Finance cost	(104)	(46)	-	(8)	(158)
Share of profit from investments in associates					66
Profit before income tax expenses					202
Income tax expenses	(41)	(40)	(5)	(40)	(126)
Profit for the year					76
Other segment information					
Depreciation of property, plant and equipment	355	11	3	7	376
Amortisation of leasehold rights	-	2	-	-	2

(Unit: Million Baht)

For the year ended 31 December 2017

	Hotel	Property	Office	Head Office	Total
	Business	Development	Rental		
Revenue:					
Segment revenue					
Total revenues	3,842	933	108	-	4,883
Intersegment revenues	(184)	(6)	(13)	-	(203)
Revenue from external customers	<u>3,658</u>	<u>927</u>	<u>95</u>	<u>-</u>	<u>4,680</u>
Results:					
Segment results	<u>215</u>	<u>47</u>	<u>31</u>	<u>(160)</u>	133
Unallocated income					<u>142</u>
Profit from operations and other income					275
Interest income	3	32	1	-	36
Finance cost	(117)	(46)	-	(14)	(177)
Share of loss from investments in associates					<u>(3)</u>
Profit before income tax expenses					131
Income tax expenses	(33)	(21)	(6)	(8)	<u>(68)</u>
Profit for the year					<u>63</u>
Other segment information					
Depreciation of property, plant and equipment	344	10	3	7	364
Amortisation of leasehold rights	-	3	-	-	3
Gain on sale of investment in subsidiary	-	-	-	18	18
Gain on sale of investment in associate	-	-	-	98	98

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2018	2017
Revenue from external customers		
Thailand	5,335	4,642
Others	43	38
Total	<u>5,378</u>	<u>4,680</u>
Non-current assets other than financial instruments and deferred tax assets		
Thailand	13,147	12,900
Others	55	61
Total	<u>13,202</u>	<u>12,961</u>

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

38. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	1,233	1,233
Property, plant and equipment - land and building	-	-	10,334	10,334
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	733	-	-	733
	(Unit: Million Baht)			
	Separate financial statements			
	31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	184	184
Property, plant and equipment - land and Building	-	-	15	15
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	733	-	-	733
	(Unit: Million Baht)			
	Consolidated financial statements			
	31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	1,165	1,165
Property, plant and equipment - land and building	-	-	10,284	10,284
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	826	-	-	826
Liabilities for which fair value are disclosed				
Unsecured debenture	-	484	-	484

(Unit: Million Baht)

	Separate financial statements			
	31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	-	186	186
Property, plant and equipment - land and Building	-	-	35	35
Assets disclosed at fair values				
Investment in associate - Thai Wah Plc.	826	-	-	826

40. Financial instruments

40.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and payables, loans, investments, short-term and long-term loans and debenture. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. However, due to the large number and diversity of the entities comprising the Company and its subsidiaries' customer base, the Company and its subsidiaries do not anticipate material losses from debt collection.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits with financial institutions, trade accounts receivable, long-term trade accounts receivable, bank overdrafts, loans and debenture. Most of the Company and its subsidiaries' financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	594	8	602	0.25 - 0.85
Current investments	14	-	-	-	14	0.90
Trade and other receivables	176	-	10	450	636	3 - 12
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term trade accounts receivable	-	487	1	-	488	3 - 12
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	886	886	-
Short-term loans from financial institutions	-	-	450	-	450	3.63
Long-term loans from financial institutions	-	-	2,997	-	2,997	4.53 - 5.28

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	23	-	23	0.25 - 0.375
Trade and other receivables	-	-	-	63	63	-
Long-term fixed deposit	-	2	-	-	2	0.90
Long-term loans to subsidiaries	-	-	987	-	987	4.37
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	34	34	-
Long-term loans from subsidiaries	-	-	434	-	434	2.10 - 6.95
Short-term loans from financial institution	-	-	240	-	240	3.63
Long-term loans from financial institution	-	-	74	-	74	4.53

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2017						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	1,002	8	1,010	0.25 - 0.85
Current investments	13	-	-	-	13	0.90
Trade and other receivables	192	-	13	500	705	3 - 9
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term trade accounts receivable	-	312	10	-	322	3 - 9
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	925	925	-
Short-term loans from financial institutions	-	-	510	-	510	3.63
Unsecured debenture	498	-	-	-	498	5.15
Long-term loans from financial institutions	-	-	2,726	-	2,726	4.53 - 5.03

Separate financial statements						
As at 31 December 2017						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	40	-	40	0.25 - 0.375
Trade and other receivables	-	-	-	46	46	-
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term loans to subsidiaries	-	-	978	-	978	4.19
Financial liabilities						
Trade and other payables	-	-	-	35	35	-
Long-term loans from subsidiaries	-	-	346	-	346	2.10 - 6.73
Short-term loans from financial institution	-	-	260	-	260	3.65
Long-term loans from financial institution	-	-	75	-	75	4.53

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. In addition to those transactional exposures, the Company is also exposed to the effect of foreign exchange movements on its investment in foreign subsidiaries and associates, which currently are not hedged by any derivative financial instrument.

The balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities as at		Financial assets		Financial liabilities as at			
	as at		as at		as at		as at		31 December	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	2018	2017
	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	-	-	-	-	-	-	32.4036	32.6407

40.2 Fair value of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debenture, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	Consolidated financial statements			
	Carrying amount		Fair value	
	2018	2017	2018	2017
<u>Financial liabilities</u>				
Unsecured debenture	-	498	-	484

41. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at 31 December 2018, the Group's debt-to-equity ratio was 0.64:1 (2017: 0.65:1) and the Company's was 0.17:1 (2017: 0.15:1).

42. Litigation

42.1 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.

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. 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 year.

42.2 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 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.

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 December 2018, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case.

42.3 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 December 2018, the subsidiary set aside a provision of Baht 4 million for liabilities arising as a result of this case.

42.4 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.

43. Event after reporting period

On 19 February 2019, the meeting of the Company's Board of Directors passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from the retained earnings as at 31 December 2018. The dividend will be paid by cash at the rate of Baht 0.41 per share. The payment of the final dividend is dependent on approval being granted by the shareholders.

44. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2019.