Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2019

1. General information

1.1 Corporate information

Laguna Resorts & Hotels Public Company Limited (“the Company”, “LRH”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Banyan Tree Holdings Limited, which was incorporated in Singapore.

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are five hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Angsana Villas Resort Phuket, Cassia Phuket and Laguna Holiday Club Phuket Resort, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating golf clubs (Laguna Golf Phuket and Laguna Golf Bintan), sales of merchandise (Banyan Tree Gallery), office and shop rental and sale of holiday club memberships.

The registered office of the Company is at 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7th, 22nd and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

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

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

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statements, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**1.3 Basis of consolidation**

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

**1.4 New financial reporting standards**

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

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

**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 recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

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

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

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

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

**Financial reporting standards related to financial instruments**

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

Financial reporting standards:

|  |  |
| --- | --- |
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |

      Accounting standard:

|  |  |
| --- | --- |
| TAS 32 | Financial Instruments: Presentation |

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 entity’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**TFRS 16 Leases**

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

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

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

**1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, *Revenue from Contracts with Customers*, as follow:

**Cost to obtain a contract**

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

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

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

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

|  |  |  |
| --- | --- | --- |
| (Unit: Million Baht) | | |
|  | Consolidated  financial statements | |
|  | Increase | |
|  | 31 December 2018 | 1 January 2018 | |
| **Statements of financial position** |  |  | |
| **Assets** |  |  | |
| Cost to obtain contracts with customers | 71 | 61 | |
| **Total assets** | 71 | 61 | |
| **Liabilities** |  |  | |
| Deferred tax liabilities | 14 | 12 | |
| **Total liabilities** | 14 | 12 | |
| **Shareholders’ equity** |  |  | |
| Retained earnings | 57 | 49 | |
| **Total shareholders’ equity** | 57 | 49 | |
| **Total liabilities and shareholders’ equity** | 71 | 61 | |

|  |  |  |
| --- | --- | --- |
|  | (Unit: Million Baht) | |
|  | Consolidated financial statements | |
|  | Increase (decrease) in profit for the three-month period ended 30 September 2018 | Increase (decrease) in profit for the nine-month period ended 30 September 2018 |
| **Income statements** |  |  |
| **Profit or loss:** |  |  |
| Revenue from property development operations | (1) | (2) |
| Selling expenses | - | 27 |
| Income tax expenses | - | (5) |
| **Profit (loss) for the period** | (1) | 20 |
| **Attributable to:** |  |  |
| Profit (loss) attributable to equity holders of the Company | (1) | 20 |
| **Earnings per share (Baht):** |  |  |
| Basic earnings per share | (0.01) | 0.12 |

The nature of the significant adjustment is described below:

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

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 30 September 2019 | 31 December 2018 | 30 September 2019 | 31 December 2018 |
| Cash | 5,230 | 7,722 | 148 | 148 |
| Bank deposits | 508,877 | 593,956 | 15,892 | 22,495 |
| Total | 514,107 | 601,678 | 16,040 | 22,643 |

**4. Trade and other receivables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| Trade accounts receivable |  |  |  |  |
| Trade accounts receivable - hotel operations | 143,468 | 230,656 | 5,473 | 5,102 |
| Less: Allowance for doubtful accounts | (9,300) | (8,566) | (3,738) | (3,300) |
| Trade accounts receivable - hotel operations, net | 134,168 | 222,090 | 1,735 | 1,802 |
| Trade accounts receivable - sales of property |  |  |  |  |
| - Installments due | 31,243 | 60,531 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 7) | 176,493 | 184,522 | - | - |
| Trade accounts receivable - sales of property, net | 207,736 | 245,053 | - | - |
| Trade accounts receivable - sales of holiday club |  |  |  |  |
| memberships - installments due and trade |  |  |  |  |
| account receivable from sales and marketing |  |  |  |  |
| services for holiday club memberships | 64,950 | 81,510 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 7) | 660 | 1,507 | - | - |
| Trade accounts receivable - sales of holiday club |  |  |  |  |
| memberships and sales and marketing services |  |  |  |  |
| for holiday club memberships, net | 65,610 | 83,017 | - | - |
| Tra­de accounts receivable - net | 407,514 | 550,160 | 1,735 | 1,802 |
| Other receivables |  |  |  |  |
| Amounts due from related parties (Note 5) | 60,246 | 45,368 | 34,744 | 38,874 |
| Other receivables | 42,407 | 9,268 | 335 | 332 |
| Insurance claim receivable | 419 | 1,434 | - | - |
| Accrued other income | 612 | 8,191 | 196 | 234 |
| Interest receivable | 31 | 152 | 31 | 98 |
| Accrued rental income | 25,560 | 21,478 | 25,560 | 21,479 |
| Total other receivables | 129,275 | 85,891 | 60,866 | 61,017 |
| Trade and other receivables, net | 536,789 | 636,051 | 62,601 | 62,819 |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 45,454 | 120,892 | 213 | 287 |
| Past due |  |  |  |  |
| Up to 30 days | 43,196 | 65,827 | 325 | 190 |
| 31 - 60 days | 20,783 | 16,904 | 178 | 131 |
| 61 - 90 days | 5,772 | 5,142 | 100 | 102 |
| 91 - 120 days | 5,758 | 2,911 | 6 | 54 |
| Over 120 days | 22,505 | 18,980 | 4,651 | 4,338 |
| Total | 143,468 | 230,656 | 5,473 | 5,102 |
| Less: Allowance for doubtful debts | (9,300) | (8,566) | (3,738) | (3,300) |
| Trade accounts receivable - hotel operations, net | 134,168 | 222,090 | 1,735 | 1,802 |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 161,318 | 224,777 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 15,682 | 11,202 | - | - |
| 31 - 60 days | 9,469 | 4,103 | - | - |
| 61 - 90 days | 8,850 | 1,958 | - | - |
| 91 - 120 days | 5,243 | 947 | - | - |
| Over 120 days | 7,174 | 2,066 | - | - |
| Trade accounts receivable - sales of property, net | 207,736 | 245,053 | - | - |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 3,465 | 5,275 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 3,085 | 3,771 | - | - |
| 31 - 60 days | 2,761 | 4,224 | - | - |
| 61 - 90 days | 3,230 | 4,870 | - | - |
| 91 - 120 days | 3,062 | 1,041 | - | - |
| Over 120 days | 49,347 | 62,329 | - | - |
| Trade accounts receivable - sales  of holiday club memberships - installment  due and trade accounts receivable from  sales and marketing services for holiday  club memberships, net | 64,950 | 81,510 | - | - |

5. Related party transactions

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

(Unit: Million Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | For the three-month periods ended 30 September | | | | |  | | |
|  | Consolidated | | Separate | | |  |
|  | financial statements | | financial statements | | |  |
|  | 2019 | 2018 | 2019 | | 2018 | Transfer pricing policy |
| Transactions with subsidiaries | | |  | |  |  | | |
| (eliminated from the consolidated financial statements) | | |  | |  |  | | |
| Guarantee fee expenses | - | - | 1 | | 1 | (3) agreed basis | | |
| Interest income | - | - | 22 | | 10 | (5) agreement | | |
| Interest expenses | - | - | 7 | | 9 | (5) agreement | | |
| Management fee income | - | - | 29 | | 22 | (4), (7) agreed basis | | |
| Reimbursement receipts | - | - | 1 | | 18 | (11) agreed basis |
| Reimbursement payments | - | - | 2 | | 3 | (11) agreed basis |
| Rental and service income | - | - | 1 | | 2 | (12)(iii) agreement |
| Rental and service expenses | - | - | 2 | | 2 | (12)(iv), (v) agreement |
| Resort service expenses | - | - | 1 | | 1 | (14) agreed basis |
| Dividend income | - | - | 155 | | - | As declared |
|  |  |  |  | |  |  |
| Transactions with associates |  |  |  | |  |  |
| Reimbursement receipts | 3 | - | - | | - | (11) agreed basis |
| Rental and service income | 7 | 5 | - | | - | (12)(iv) agreement |
|  |  |  |  | |  |  |
| Transactions with related companies | |  | |  |  |  | |
| Inter resort payments | 13 | 16 | - | | - | (1) agreed basis |
| Management fee income | 2 | - | 3 | | - | (15), (16) agreement |
| Management fee expenses | 34 | 42 | - | | - | (6), (17) agreement |
| Sale of goods | 7 | 6 | - | | - | (9) agreed basis |
| Reimbursement receipts | 13 | - | 2 | | - | (11) agreed basis |
| Reimbursement payments | 11 | 6 | (1) | | (1) | (11) agreed basis |
| Rental and service income | 4 | 6 | - | | - | (12)(i), (ii), (iv), (vi) agreement |
| Rental and service expense | 1 | - | - | | - | (12)(vii) agreement |
| Rental return on hotel units | 1 | 1 | - | | - | (13) agreement |
| Resort service income | 2 | 1 | - | | - | (14) agreed basis |
| Training charges | 3 | 2 | - | | - | (10) agreed basis |

(Unit: Million Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | For the nine-month periods ended 30 September | | | | | |  |
|  | Consolidated | | | Separate | | |  |
|  | financial statements | | | financial statements | | |  |
|  | 2019 | 2018 | | 2019 | | 2018 | Transfer pricing policy |
| Transactions with subsidiaries | | |  | | |  |  |
| (eliminated from the consolidated financial statements) | | |  | | |  |  |
| Guarantee fee income | - | - | | 1 | | 1 | (3) agreed basis | | |
| Guarantee fee expenses | - | - | | 2 | | 2 | (3) agreed basis | | |
| Interest income | - | - | | 48 | | 31 | (5) agreement | | |
| Interest expenses | - | - | | 27 | | 23 | (5) agreement | | |
| Management fee income | - | - | | 78 | | 72 | (4), (7) agreed basis | | |
| Reimbursement receipts | - | - | | 2 | | 22 | (11) agreed basis | |
| Reimbursement payments | - | - | | 6 | | 8 | (11) agreed basis | |
| Rental and service income | - | - | | 3 | | 4 | (12)(iii) agreement | |
| Rental and service expenses | - | - | | 5 | | 5 | (12)(iv), (v) agreement | |
| Resort service expenses | - | - | | 6 | | 6 | (14) agreed basis | |
| Dividend income | - | - | | 477 | | - | As declared | |
|  |  |  | |  | |  |  | |
| Transactions with associates |  |  | |  | |  |  | |
| Reimbursement receipts | 5 | 3 | | - | | - | (11) agreed basis | |
| Rental and service income | 18 | 17 | | - | | - | (12)(iv) agreement | |
| Dividend income | - | - | | 28 | | 28 | As declared | |
|  |  |  | |  | |  |  | |
| Transactions with related companies | |  | | |  |  |  | | | |
| Credit card commission receipts | 1 | 1 | | - | | - | (1) agreed basis | |
| Inter resort payments | 47 | 52 | | - | | - | (1) agreed basis | |
| Management fee income | 4 | 2 | | 4 | | 1 | (15), (16) agreement | |
| Management fee expenses | 199 | 188 | | 6 | | - | (6), (17) agreement | |
| Purchase of spa & gallery vouchers | 6 | 7 | | 1 | | 2 | (2), (8) agreed basis | |
| Sale of goods | 16 | 20 | | - | | - | (9) agreed basis | |
| Reimbursement receipts | 40 | 36 | | 5 | | 5 | (11) agreed basis | |
| Reimbursement payments | 39 | 22 | | 1 | | - | (11) agreed basis | |
| Rental and service income | 17 | 19 | | - | | - | (12)(i), (ii), (iv), (vi) agreement | |
| Rental and service expense | 1 | 1 | | - | | - | (12)(vii) agreement | |
| Rental return on hotel units | 3 | 3 | | - | | - | (13) agreement | |
| Resort service income | 4 | 4 | | - | | - | (14) agreed basis | |
| Training charges | 6 | 11 | | - | | - | (10) agreed basis | |

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

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

(2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 55% discount to the Spa price list. The Gallery vouchers are priced at 20% discount to the face value of the voucher.

(3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies’ bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.

(4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charge by the working hours and project management service is charged as Note (7).

(5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders’ borrowing costs per annum (based upon commercial bank’s interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.

(6) The terms of the operating agreements are disclosed in Note 21 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

Royalty fee paid for the use of “Banyan Tree”, “Angsana” and “Cassia” trademarks and all other proprietary rights associated with it.

(i) Banyan Tree Phuket (Laguna Banyan Tree Limited), Cassia Phuket (Phuket Grande Resort Limited, formerly known as Phuket Resort Development Limited), Angsana Villas Resort Phuket (Bangtao Grande Limited) and Laguna Holiday Club Phuket Resort (Bangtao Grande Limited) pay a royalty fee of 2% of total revenue.

(ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.

(iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte. Ltd. pay a royalty fee of 1% of total revenue.

Hotel management and technical assistance fees.

(iv) The Technical Assistance Agreement of the Banyan Tree Phuket pay a technical fee of 7.5% of gross operating profit.

(v) The Hotel Management Agreement of Banyan Tree Bangkok and Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit. Cassia Phuket, Angsana Villas Resort Phuket and Laguna Holiday Club Phuket Resort pay a hotel management fee of 7.5% of gross operating profit.

(vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana and/or Cassia corporate head office shall be charged as follows:

- Group marketing services shared on a group basis are based on 2% of total actual hotel revenue.

- Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

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

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

(8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.

(9) These transactions relate to:

(i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 30% discount to the retail price depending on the volume purchased.

(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.

Payee Payer Rental Period Expiry Date

BGL BTRS(T) 30 years November 2041

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company 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 per month.

(13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.

(14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:

- Water supply : at the determined price and actual usage

- Laundry charge : at the price based on cost plus a certain margin

- Common area services, : based on actual cost

transportation charges

- Staff buses : at the price based on cost plus a certain margin

- Marketing fee : at the rate of 0.75% of the operations’ actual revenue

- Community service : based on actual cost

- Other services : at the determined price and actual usage

(15) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources.

(16) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15% of gross operating profit.

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

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)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2019 | 31 December 2018 |
| 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)

|  |  |  |
| --- | --- | --- |
|  | 30 September 2019 | 31 December 2018 |
| Short-term loan facilities | 150 | 150 |
| Long-term loan facilities | 900 | 900 |
| Overdrafts and bank guarantee facilities | 20 | 20 |

As at 30 September 2019 and 31 December 2018, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| **Amounts due from related parties** |  |  |  |  |
| Subsidiaries | - | - | 29,472 | 36,707 |
| Associated companies | 3,494 | 59 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 56,752 | 45,309 | 5,272 | 2,167 |
| Total amounts due from related |  |  |  |  |
| parties (Note 4) | 60,246 | 45,368 | 34,744 | 38,874 |
| **Amounts due to related parties** |  |  |  |  |
| Subsidiaries | - | - | 9,700 | 8,487 |
| Associated companies | 16 | 16 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 116,118 | 121,197 | 6,305 | 933 |
| Total amounts due to related parties |  |  |  |  |
| (Note 14) | 116,134 | 121,213 | 16,005 | 9,420 |

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

As at 30 September 2019 and 31 December 2018, the balance of loans between the Company and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 31 December 2018 | Addition | Repayment | 30 September 2019 |
| Laguna Banyan Tree Limited | 464,000 | 484,000 | (209,500) | 738,500 |
| Laguna Holiday Club Limited | 208,000 | 64,500 | (73,500) | 199,000 |
| Laguna Lakes Limited | 315,000 | 15,000 | (28,000) | 302,000 |
| Laguna Grande Limited | - | 944,500 | (387,500) | 557,000 |
| Laguna (3) Limited | - | 5,000 | (2,000) | 3,000 |
| Total | 987,000 | 1,513,000 | (700,500) | 1,799,500 |

Long-term loans from subsidiaries

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 31 December 2018 | Addition | Repayment | 30 September 2019 |
| Laguna Grande Limited | 32,500 | - | (32,500) | - |
| Laguna (3) Limited | 28,000 | - | (28,000) | - |
| TWR - Holdings Limited | 373,000 | 831,500 | (826,500) | 378,000 |
| Total | 433,500 | 831,500 | (887,000) | 378,000 |

Directors and management’s benefits

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 30 September | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Short-term employee benefits | 22,898 | 37,461 | 12,102 | 26,619 |
| Post-employment benefits | 711 | 732 | 381 | 410 |
| Other long-term employee benefits | 8 | 9 | 3 | 5 |
| Total | 23,617 | 38,202 | 12,486 | 27,034 |

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the nine-month periods ended 30 September | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Short-term employee benefits | 66,610 | 79,653 | 33,250 | 46,197 |
| Post-employment benefits | 2,178 | 2,234 | 1,115 | 1,207 |
| Other long-term employee benefits | 24 | 28 | 11 | 16 |
| Total | 68,812 | 81,915 | 34,376 | 47,420 |

6. Property development cost

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| Property for sale under holiday club memberships | 228,750 | 425,209 | - | - |
| Completed buildings | 1,331,906 | 641,385 | - | - |
| Land | 1,920,301 | 1,796,067 | 111,429 | 111,429 |
| Property under construction | 1,420,240 | 952,679 | - | - |
| Total | 4,901,197 | 3,815,340 | 111,429 | 111,429 |

Subsidiaries have mortgaged property development cost amounting to Baht 1,828 million (31 December 2018: Baht 788 million) as collateral against its credit facilities received from financial institutions.

7. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

7.1 Installments receivable from property sales which bear interest at rates of 5% to 7% and MLR plus 0.5% per annum and installments are repaid over a period of 3 to 10 years.

7.2 Installments receivable from sales of holiday club memberships which bear interest at rates of 9% per annum and installments are repaid over a period of 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 30 September 2019 | 31 December 2018 |
| Current portion of long-term trade |  |  |
| accounts receivable | 177,153 | 186,029 |
| Long-term trade accounts receivable | 417,260 | 488,042 |
| Total | 594,413 | 674,071 |
| Sales of property |  |  |
| Within 1 year (Note 4) | 176,493 | 184,522 |
| Over 1 year to 5 years | 417,113 | 487,145 |
| Long-term trade accounts receivable - |  |  |
| sales of property | 593,606 | 671,667 |
| Sales of holiday club memberships |  |  |
| Within 1 year (Note 4) | 660 | 1,507 |
| Over 1 year to 5 years | 147 | 897 |
| Long-term trade accounts receivable - |  |  |
| sales of holiday club memberships | 807 | 2,404 |
| Total | 594,413 | 674,071 |

8. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Company’s name | Paid-up capital | | Shareholding percentage | | Cost | |
|  | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | Million | Million | % | % | Million | Million |
|  | Baht | Baht |  |  | Baht | Baht |
| **Subsidiaries held by the Company** | |  |  |  |  |  |
| 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 |
| **Subsidiaries held through TWR - Holdings Limited** | |  |  |  |  |  |
| Laguna Excursions Limited | 8.0 | 8.0 | 49.0 | 49.0 | - | - |
| Laguna Village Limited | 6.0 | 6.0 | 100.0 | 100.0 | - | - |
| Mae Chan Property Company Limited | 232.3 | 232.3 | 100.0 | 100.0 | - | - |
| Pai Samart Development Company Limited | 28.4 | 28.4 | 100.0 | 100.0 | - | - |
| Phuket Grande Resort Limited(4) | 100.0 | 100.0 | 100.0 | 100.0 | - | - |
| PT AVC Indonesia | USD 7.0  Million | USD 7.0  Million | 100.0 | 100.0 | - | - |
| Talang Development Company Limited | 251.0 | 251.0 | 50.0 | 50.0 | - | - |
| Thai Wah Plaza Limited | 2,250.0 | 2,250.0 | 100.0 | 100.0 | - | - |
| Thai Wah Tower Company Limited | 455.0 | 455.0 | 100.0 | 100.0 | - | - |
| Thai Wah Tower (2) Company Limited | 21.0 | 21.0 | 100.0 | 100.0 | - | - |
| Twin Waters Limited(5) | 214.4 | 214.4 | 100.0 | 100.0 | - | - |
| **Subsidiaries held through Laguna Grande Limited** | |  |  |  |  |  |
| 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 Laguna Limited(6) | 80.0 | 80.0 | 100.0 | 100.0 | - | - |
| Bangtao Grande Limited | 1,546.0 | 1,546.0 | 100.0 | 100.0 | - | - |
| **Subsidiary held through Laguna Holiday Club Limited** |  |  |  |  |  |  |
| Cheer Golden Limited | - | - | 100.0 | 100.0 | - | - |
| **Total investments in subsidiaries** |  |  |  |  | 4,242.7 | 4,242.7 |

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

(2) Laguna Grande Limited is held 85.4% by the Company and 14.6% through Laguna Holiday Club Limited and Mae Chan Property Company Limited.

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

(4) Formerly known as “Phuket Resort Development Limited”. The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(5) Formerly known as “Twin Waters Development Company Limited”. The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

(6) Formerly known as “Bangtao Development Limited”. The subsidiary changed its name and registered the change with the Ministry of Commerce on 21 June 2019.

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

|  | Separate financial statements | | | |
| --- | --- | --- | --- | --- |
|  | For the three-month periods  ended 30 September | | For the nine-month periods  ended 30 September | |
| Company's name | 2019 | 2018 | 2019 | 2018 |
| Laguna (3) Limited | - | - | 32,884 | - |
| Laguna Grande Limited | - | - | 157,173 | - |
| TWR - Holdings Limited | 155,000 | - | 286,750 | - |
| Total | 155,000 | - | 476,807 | - |

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

**9. Investments in associates**

9.1 Details of associates

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Consolidated financial statements | | | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
|  |  |  | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
|  |  |  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  | (%) | (%) |  |  |  |  |
| Tropical Resorts Ltd. | Holding company | Hong Kong | 26 | 26 | 17,673 | 17,673 | - | - |
| Less: Allowance for impairment of investment | |  |  |  | (17,673) | (17,673) | - | - |
|  |  |  |  |  | - | - | - | - |
| Banyan Tree China Pte. Ltd. | Holding company | Singapore | 10.69 | 10.69 | 173,495 | 173,495 | 222,075 | 221,497 |
| Thai Wah Public Company Limited | Manufacture and distribution of vermicelli, tapioca starch and other | Thailand | 10.03 | 10.03 | 777,454 | 777,454 | 758,653 | 793,720 |
|  | food products |  |  |  |  |  |  |  |
| Total investments in associates - net | | |  |  | 950,949 | 950,949 | 980,728 | 1,015,217 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Separate financial statements | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | |
|  |  |  | 30 September | 31 December | 30 September | 31 December |
|  |  |  | 2019 | 2018 | 2019 | 2018 |
|  |  |  | (%) | (%) |  |  |
| Thai Wah Public Company Limited | Manufacture and distribution of vermicelli, tapioca starch and other food products | Thailand | 10.03 | 10.03 | 777,454 | 777,454 |
| Total |  |  |  |  | 777,454 | 777,454 |

As at 30 September 2019 and 31 December 2018, the Company has pledged the 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Company.

9.2   Share of comprehensive income (loss) and dividend received

        During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries have recognised its share of profit (loss) from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | (Unit: Thousand Baht) | | | |
|  | For the three-month periods ended 30 September | | | | | | |
|  | Consolidated financial statements | | | | | Separate financial statements | |
| Associates | Share of profit (loss) from investments in associates  during the period | | Share of other comprehensive income (loss) from investments in associates  during the period | | | Dividend received  during the period | |
|  | 2019 | 2018 | 2019 | | 2018 | 2019 | 2018 |
| Banyan Tree China Pte. Ltd. | - | (2,723) | - | | 863 | - | - |
| Thai Wah Public Company Limited | (3,951) | 2,257 | (3,381) | | (704) | - | - |
| Total | (3,951) | (466) | (3,381) | | 159 | - | - |
|  |  | | | (Unit: Thousand Baht) | | | |
|  | For the nine-month periods ended 30 September | | | | | | |
|  | Consolidated financial statements | | | | | Separate financial statements | |
| Associates | Share of profit from investments in associates  during the period | | Share of other comprehensive income (loss) from investments in associates  during the period | | | Dividend received  during the period | |
|  | 2019 | 2018 | 2019 | | 2018 | 2019 | 2018 |
| Banyan Tree China Pte. Ltd. | 578 | 33,552 | - | | (1,044) | - | - |
| Thai Wah Public Company Limited | 962 | 6,223 | (7,758) | | 1,122 | 28,271 | 28,271 |
| Total | 1,540 | 39,775 | (7,758) | | 78 | 28,271 | 28,271 |

9.3 Fair value of investments in a listed associate

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

|  |  |  |
| --- | --- | --- |
|  | (Unit: Million Baht) | |
| Associate | Fair values as at | |
|  | 30 September 2019 | 31 December 2018 |
| Thai Wah Public Company Limited | 495 | 733 |

10. Other long-term investments

| (Unit: Thousand Baht) | | |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 30 September | 31 December |
|  | 2019 | 2018 |
| **Investments in other companies** |  |  |
| Bibace Investments Ltd. | 188,425 | 188,425 |
| Banyan Tree Indochina Hospitality Fund, L.P. | 417,940 | 417,940 |
| **Total other long-term investments** | 606,365 | 606,365 |

11. Investment properties

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | Separate financial statements | | | |
|  | Land | Units in office building and |  |  | Land | Units in office building and |  |  |
|  | awaiting | shops for rent | Construction |  | awaiting | shops for rent | Construction |  |
|  | development | (including | in |  | development | (including | in |  |
|  | / sales | land) | progress | Total | / sales | land) | progress | Total |
| Balance as at  31 December 2018 | 191,077 | 1,032,602 | 9,672 | 1,233,351 | 73,352 | 100,839 | 9,430 | 183,621 |
| Addition | - | 83,626 | - | 83,626 | - | - | - | - |
| Transfer from property development cost | - | 17,387 | - | 17,387 | - | - | - | - |
| Write off | - | - | (242) | (242) | - | - | - | - |
| Gain on revaluation of investment properties | 11,640 | 74,870 | - | 86,510 | 1,419 | 6,009 | - | 7,428 |
| Balance as at  30 September 2019 | 202,717 | 1,208,485 | 9,430 | 1,420,632 | 74,771 | 106,848 | 9,430 | 191,049 |

As at 30 September 2019, the fair value of the investment properties has been determined based on valuation performed by an independent valuer, using the Market Approach (31 December 2018: the Market Approach for land awaiting development / sales, and the Income Approach for units in office building and shops for rent).

During the second quarter of 2019, the management has considered that the change in property market condition affect the selling price of the units in office building and land on which the shops for rent is located. The management, therefore, reassessed the highest and best use of the units in office building and shops for rent and considered that using the Market Approach for revaluation of such assets is more appropriate in determining the fair value under the current market condition. As a result, the Company and its subsidiaries hired an independent appraiser to appraise the value of their investments properties and considered to change their determination of fair value of units in office building and shops for rent from the Income Approach to the Market Approach. In this regard, the Company and its subsidiaries recognised a Baht 75 million gain on change in valuation approach, which was included in gain on revaluation of investment properties in the consolidated income statements for the nine-month period ended 30 September 2019.

As at 30 September 2019, the subsidiaries have pledged investment properties amounting to approximately Baht 837 million (31 December 2018: Baht 729 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation.

12. Property, plant and equipment

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated | Separate |
|  | financial statements | financial statements |
| **At cost / revaluation value** |  |  |
| Balance as at 31 December 2018 | 16,583,061 | 120,797 |
| Additions | 631,222 | 7,292 |
| Disposals and write off | (39,441) | (571) |
| Transfer from property development cost | 178,249 | - |
| Transfer to property development cost | (139,454) | - |
| Adjustments | (2,879) | - |
| Balance as at 30 September 2019 | 17,210,758 | 127,518 |
| **Accumulated depreciation** |  |  |
| Balance as at 31 December 2018 | (5,051,629) | (78,707) |
| Depreciation charged for the period | (291,512) | (5,155) |
| Disposals and write off | 38,758 | 571 |
| Adjustments | 806 | - |
| Balance as at 30 September 2019 | (5,303,577) | (83,291) |
| **Allowance for impairment loss** |  |  |
| Balance as at 31 December 2018 | (4,753) | - |
| Additions | (2,919) | (2,919) |
| Balance as at 30 September 2019 | (7,672) | (2,919) |
| **Net book value** |  |  |
| Balance as at 31 December 2018 | 11,526,679 | 42,090 |
| Balance as at 30 September 2019 | 11,899,509 | 41,308 |

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 14 October 2016 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market Approach.

- Buildings were revalued using the Replacement Cost Approach or Income Approach.

The subsidiaries have mortgaged land and buildings at fair value of Baht 8,199 million (31 December 2018: Baht 7,488 million) as collateral against credit facilities received from financial institutions.

**13. Short-term loans from financial institutions**

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months. Short-term loans from financial institutions carry interest rate of 2.40% - 6.25% per annum (31 December 2018: 3.63% - 3.65%).

These short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of its subsidiaries, as described in Note 12 and by the guarantee provided by subsidiaries.

**14. Trade and other payables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| Trade accounts payable | 390,852 | 325,389 | 2,225 | 1,478 |
| Amounts due to related parties (Note 5) | 116,134 | 121,213 | 16,005 | 9,420 |
| Accrued expenses | 179,574 | 198,140 | 12,938 | 13,885 |
| Other payables | 171,143 | 107,971 | 256 | 209 |
| Service charge payable to hotel staffs | 12,971 | 34,256 | - | - |
| Accrued rental to villa owners | 104,647 | 99,104 | 9,989 | 8,687 |
| Total | 975,321 | 886,073 | 41,413 | 33,679 |

**15. Other current liabilities**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| Value added tax payable | 43,184 | 60,148 | 3,257 | 4,487 |
| Unearned income | 23,868 | 34,614 | 25,619 | - |
| Other tax payable | 91,594 | 89,978 | 1,600 | 3,134 |
| Short-term provisions | 14,250 | 18,140 | - | - |
| Total | 172,896 | 202,880 | 30,476 | 7,621 |

**16. Long-term loans from financial institutions**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| Secured | 3,302,941 | 2,997,194 | 71,500 | 74,125 |
| Long-term loans are repayable as follows: |  |  |  |  |
| Within 1 year | 841,666 | 673,343 | 5,000 | 3,875 |
| Over 1 year to 5 years | 1,634,275 | 1,820,601 | 66,500 | 62,000 |
| Over 5 years | 827,000 | 503,250 | - | 8,250 |
|  | 2,461,275 | 2,323,851 | 66,500 | 70,250 |
| Total | 3,302,941 | 2,997,194 | 71,500 | 74,125 |

Movements in the long-term loans account during the nine-month period ended 30 September 2019 are summarised below:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated | Separate |
|  | financial statements | financial statements |
| Balance as at 31 December 2018 | 2,997,194 | 74,125 |
| Add: Drawdown | 880,000 | - |
| Less: Repayments | (574,253) | (2,625) |
| Balance as 30 September 2019 | 3,302,941 | 71,500 |

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 6, 11 and 12. Certain loans are guaranteed by its subsidiaries and the pledge of the 10 million ordinary shares of Thai Wah Public Company Limited, as described in Note 9.1.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 30 September 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounting to Baht 990 million (31 December 2018: Baht 555 million).

**17. Other income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | For the three-month periods ended 30 September | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Dividend income | - | - | 155,000 | - |
| Management fee income | 1,988 | 1,471 | 32,043 | 22,265 |
| Other | 5,345 | 2,382 | 279 | 323 |
| Total | 7,333 | 3,853 | 187,322 | 22,588 |
|  |  | | (Unit: Thousand Baht) | |
|  | For the nine-month periods ended 30 September | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Dividend income | - | - | 505,078 | 28,271 |
| Gain on revaluation of investment properties (Note 11) | 86,510 | - | 7,428 | - |
| Management fee income | 3,702 | 1,624 | 81,729 | 73,108 |
| Other | 10,238 | 11,049 | 1,078 | 4,175 |
| Total | 100,450 | 12,673 | 595,313 | 105,554 |

**18. Income tax**

Interim corporate income tax was calculated on profit (loss) before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | For the three-month periods ended 30 September | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| **Current income tax:** |  |  |  |  |
| Interim corporate income tax charge | 4,561 | 7,324 | - | - |
| Adjustment in respect of income tax of previous year | - | 7,709 | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | (14,708) | (565) | 2,794 | (6,262) |
| **Income tax expense reported in the income statement** | (10,147) | 14,468 | 2,794 | (6,262) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | For the nine-month periods ended 30 September | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| **Current income tax:** |  |  |  |  |
| Interim corporate income tax charge | 66,589 | 53,122 | - | - |
| Adjustment in respect of income tax of previous year | 4,122 | 5,318 | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | (15,567) | (2,293) | (444) | (9,768) |
| **Income tax expense reported in the income statement** | 55,144 | 56,147 | (444) | (9,768) |

**19. Earnings per share**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 30 September | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| Profit (loss) attributable to equity holders of the Company (Thousand Baht) | (87,282) | (59,446) | 164,900 | (26,270) |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Earnings (loss) per share (Baht/share) | (0.52) | (0.36) | 0.99 | (0.16) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the nine-month periods ended 30 September | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| Profit (loss) attributable to equity holders of the Company (Thousand Baht) | (88,522) | 31,720 | 499,334 | (15,387) |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Earnings (loss) per share (Baht/share) | (0.53) | 0.19 | 3.00 | (0.10) |

20. Dividend

Dividend declared in nine-month periods ended 30 September 2019 and 2018 consist of:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Approved by | Total dividends | Dividend per share |
|  |  | (Million Baht) | (Baht) |
| Dividends on 2018 retained earnings | Annual General Meeting of the shareholders on 26 April 2019 | 68.34 | 0.41 |
|  |  |  |  |
| Dividends on 2017 retained earnings | Annual General Meeting of the shareholders on 27 April 2018 | 63.34 | 0.38 |

21. Commitments

Capital commitment

As at 30 September 2019, the Company and its subsidiaries have capital commitments as follows:

a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 144 million (31 December 2018: Baht 162 million).

b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,739 million (31 December 2018: Baht 894 million).

c) During the second quarter of 2019, a subsidiary entered into two sale and purchase agreements for land with unrelated persons, area of 13 rai 66.6 square wah, totaling Baht 99 million. The subsidiary paid deposit of Baht 49 million and the remaining Baht 50 million shall be paid in 2 installments within February 2020.

d) During the third quarter of 2019, a subsidiary entered into sale and purchase agreements for land with a company which has a mutual director with the subsidiary (the mutual director is an unauthorised signatory director of the subsidiary), area of 1 rai 73.75 square wah, totaling Baht 24 million. The subsidiary paid deposit of Baht 2 million and the remaining Baht 22 million shall be paid within December 2019.

Operating agreements

As at 30 September 2019, the Company and its subsidiaries have operating agreements as follows:

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company | Business unit | Operator | Contract period | Fees |
| Bangtao Grande Limited | Angsana Laguna Phuket | Banyan Tree Hotels & | 1.7.2012 - 30.11.2031 | - Royalty fee: 3% of total revenue |
|  |  | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.7.2012 - 30.11.2031 | - Management fee: 10% of gross operating profit |
|  |  | Resorts (Thailand) Limited |  |  |
|  | Angsana Villas Resort | Banyan Tree Hotels & | 1.8.2016 - 31.7.2041 | - Royalty fee: 2% of total revenue |
|  | Phuket | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.8.2016 - 31.7.2041 | - Management fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (c) |  |
|  | Laguna Holiday Club | Banyan Tree Hotels & | 19.10.2015 - 18.10.2035 | - Royalty fee: 2% of total revenue |
|  | Phuket Resort | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 19.10.2015 - 18.10.2035 | - Management fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (a) |  |
| Laguna Banyan Tree Limited | Banyan Tree Phuket | Banyan Tree Hotels & | 1.1.2016 - 31.12.2025 | - Royalty fee: 2% of total revenue |
|  |  | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.1.2016 - 31.12.2025 | - Technical fee: 7.5% of gross operating profit |
|  |  | Resorts (Thailand) Limited | (a) |  |
| Thai Wah Plaza Limited | Banyan Tree Bangkok | Banyan Tree Hotels & | 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 |
|  |  | (Thailand) Limited | (b) |  |
| Phuket Grande Resort Limited (Formerly known as Phuket | Cassia Phuket | Banyan Tree Hotels &  Resorts Pte. Limited | 20.10.2015 - 19.10.2040 | - Royalty fee: 2% of total revenue |
| Resort Development Limited) |  | Banyan Tree Hotels & Resorts (Thailand) Limited | 20.10.2015 - 19.10.2040  (c) | - Management fee: 7.5% of gross operating profit |
| Banyan Tree Gallery (Singapore) Pte. Limited | Gallery | Banyan Tree Hotels & Resorts Pte. Limited | 1.1.2009 onwards | - Royalty fee: 1% of total revenue |
| Banyan Tree Gallery (Thailand) Limited | Gallery | Banyan Tree Hotels & Resorts Pte. Limited | 1.1.2009 onwards | - Royalty fee: 1% of total revenue |

(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/unit rental scheme agreements. The cash reward options are included fix return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 2 - 3 years.

As at 30 September 2019 and 31 December 2018, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 30 September | 31 December | 30 September | 31 December |
|  | 2019 | 2018 | 2019 | 2018 |
| Payable within: |  |  |  |  |
| In up to 1 year | 14 | 10 | 4 | 5 |
| In over 1 and up to 5 years | 13 | 8 | 5 | 7 |

During the nine-month period ended 30 September 2019, the Company and its subsidiaries recognised rental expenses of Baht 17 million (30 September 2018: Baht 14 million) (Separate financial statements: Baht 4 million, 30 September 2018: Baht 4 million).

Servitude over land

As at 30 September 2019, some subsidiaries have land servitude of approximately 11 rai (31 December 2018: 11 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

22. Guarantees

As at 30 September 2019, there were bank guarantees amounting to Baht 49 million (Separate financial statements: Baht 0.4 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (31 December 2018: Baht 58 million, Separate financial statements: Baht 2 million).

**23. Segment information**

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries segments for the three-month and nine-month periods ended 30 September 2019 and 2018, respectively.

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the three-month period ended 30 September 2019 | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 670 | 233 | 24 | - | 927 |
| Intersegment revenues | (46) | (2) | (3) | - | (51) |
| Revenue from external customers | 624 | 231 | 21 | - | 876 |
| Results: |  |  |  |  |  |
| Segment results | (113) | 43 | 8 | (24) | (86) |
| Unallocated income |  |  |  |  | 7 |
| Loss from operations and other income |  |  |  |  | (79) |
| Interest income | - | 9 | - | - | 9 |
| Finance cost | (24) | (2) | - | (6) | (32) |
| Share of loss from investments in associates |  |  |  |  | (4) |
| Loss before income tax expenses |  |  |  |  | (106) |
| Income tax expenses | 18 | (10) | (1) | 3 | 10 |
| Loss for the period |  |  |  |  | (96) |

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the three-month period ended 30 September 2018 (restated) | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 729 | 404 | 27 | - | 1,160 |
| Intersegment revenues | (46) | - | (2) | - | (48) |
| Revenue from external customers | 683 | 404 | 25 | - | 1,112 |
| Results: |  |  |  |  |  |
| Segment results | (76) | 83 | 8 | (36) | (21) |
| Unallocated income |  |  |  |  | 4 |
| Loss from operations and other income |  |  |  |  | (17) |
| Interest income | - | 7 | - | - | 7 |
| Finance cost | (26) | (11) | - | (1) | (38) |
| Share of loss from investments in associates |  |  |  |  | - |
| Loss before income tax expenses |  |  |  |  | (48) |
| Income tax expenses | - | (20) | (2) | 7 | (15) |
| Loss for the period |  |  |  |  | (63) |

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the nine-month period ended 30 September 2019 | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 2,569 | 477 | 79 | - | 3,125 |
| Intersegment revenues | (146) | (4) | (10) | - | (160) |
| Revenue from external customers | 2,423 | 473 | 69 | - | 2,965 |
| Results: |  |  |  |  |  |
| Segment results | 7 | 13 | 23 | (115) | (72) |
| Unallocated income |  |  |  |  | 100 |
| Profit from operations and other income |  |  |  |  | 28 |
| Interest income | 1 | 27 | - | - | 28 |
| Finance cost | (72) | (15) | - | (10) | (97) |
| Share of profit from investments in associates |  |  |  |  | 2 |
| Loss before income tax expenses |  |  |  |  | (39) |
| Income tax expenses | (23) | (10) | (4) | (18) | (55) |
| Loss for the period |  |  |  |  | (94) |

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the nine-month period ended 30 September 2018 (restated) | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 2,793 | 992 | 85 | - | 3,870 |
| Intersegment revenues | (146) | (4) | (10) | - | (160) |
| Revenue from external customers | 2,647 | 988 | 75 | - | 3,710 |
| Results: |  |  |  |  |  |
| Segment results | 102 | 97 | 20 | (96) | 123 |
| Unallocated income |  |  |  |  | 13 |
| Profit from operations and other income |  |  |  |  | 136 |
| Interest income | 1 | 23 | - | - | 24 |
| Finance cost | (78) | (35) | - | (6) | (119) |
| Share of profit from investments in associates |  |  |  |  | 40 |
| Profit before income tax expenses |  |  |  |  | 81 |
| Income tax expenses | (32) | (35) | (4) | 15 | (56) |
| Profit for the period |  |  |  |  | 25 |

**24. Foreign currency risk assets/liabilities**

The outstanding balances of the Company and its subsidiaries’ financial assets and liabilities denominated in foreign currency are as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | Separate financial statements | | | |  | |
|  | Financial assets as at | | Financial liabilities as at | | Financial assets as at | | Financial liabilities as at | | Average exchange rate as at | |
| Foreign | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
| currency | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US Dollar | 1 | 2 | - | - | - | - | - | - | 30.5444 | 32.4036 |

**25. Provision for long-term employee benefits**

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

**26. Litigation**

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

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

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

On 18 February 2019, the subsidiary submitted the appeal statement to the Supreme Court. This case is now pending on the Supreme Court’s consideration.

As at 30 September 2019, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case (31 December 2018: Baht 17 million).

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

As at 30 September 2019, the subsidiary set aside a provision of Baht 4 million for liabilities arising as a result of this case (31 December 2018: Baht 4 million).

26.3 Two subsidiaries were sued by a former buyer of property sales project and claimed for refund 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.

On 26 February 2019, the Appeal Court confirmed the judgement of the Phuket Provincial Court.

On 21 June 2019, the subsidiaries submitted the appeal statement to the Supreme Court. This case is now pending on the Supreme Court’s consideration.

Since the Group’s lawyers and the management believe that the subsidiaries will not incur any losses from the litigation, no provisions have been made in respect of this case in the financial statements.

26.4 The Company was sued by a former shop lessee that the Company has breached the lease agreement and claimed for compensation of Baht 3.9 million plus interest 7.5% from the plaint date. However, the Phuket Provincial court and the Appeal court dismissed the case. This case is now pending on the Supreme Court’s consideration. The Company does not set up provision for this case.

**27.    Event after the reporting period**

On 12 November 2019, the Company’s Board of Directors’ meeting approved the acceptance of Baht 800 million loan facility from bank for project finance of hotel and property for sale.

**28. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company’s Board of Directors on 12 November 2019.