Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General 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 Assets (Thailand) Company Limited, which was incorporated in Thailand. The parent company of the Group is Banyan Tree Holdings Limited, which was incorporated in Singapore.

The Group is 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.

**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”):

|  |  | Country of | Percentage of | |
| --- | --- | --- | --- | --- |
| Company’s name | Nature of business | incorporation | shareholding | |
|  |  |  | 2019 | 2018 |
|  |  |  | % | % |
| Subsidiaries directly held by the Company |  |  |  |  |
| 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(1) | 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(2) | 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(3) | 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 |
| Subsidiaries held through TWR - Holdings Limited | |  | | |
| Laguna Excursions Limited | Travel operations | Thailand | 49.0 | 49.0 |
| Laguna Village Limited | Dormant company | 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 Grande Resort Limited(4) | 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 Limited (5) | Property development | Thailand | 100.0 | 100.0 |
| Subsidiaries held through Laguna Grande Limited | |  |  |  |  |
| 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 | Property development | Thailand | 100.0 | 100.0 |
|  |  |  |  |  |
| Bangtao (4) Limited | Owns land on which the golf course is situated | Thailand | 100.0 | 100.0 |
| Bangtao Laguna Limited (6) | Owns land on which a hotel is situated and property development | Thailand | 100.0 | 100.0 |
| Bangtao Grande Limited | Hotel operations and property development | Thailand | 100.0 | 100.0 |
| Subsidiary held through Laguna Holiday Club Limited | |  |  |  |  |
| Cheer Golden Limited | Investment holding | Hong Kong | 100.0 | 100.0 |

(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.

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 Group 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 Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group’s 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 Group adopted TFRS 15 using the full retrospective method of adoption. The Group elects 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 4.

**(b) Financial reporting standards that will become 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 Group expect the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investment in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

The management of the Group 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 Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group’s assets by approximately Baht 51 million (the Company only: approximately Baht 6 million) and the Group’s liabilities by approximately Baht 66 million (the Company only: approximately Baht 8 million).

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

As described in Note 3 to the financial statements, during the current year, the Group has 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 year ended  31 December 2018 |
| **Income statements** |  |
| **Profit or loss:** |  |
| Revenue from property development operations | (1) |
| Selling expenses | 11 |
| Income tax expenses | (2) |
| **Profit for the period** | 8 |
| **Attributable to:** |  |
| Profit attributable to equity holders of the Company | 8 |
| **Earnings per share (Baht):** |  |
| Basic earnings per share | 0.05 |

The nature of the significant adjustment is described below:

* + Commission paid to obtain a contract - The Group has 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 Group immediately recorded commission as selling expenses when the transaction occurred.

**5. Significant accounting policies**

**5.1 Revenue recognition**

(a) Revenue from hotel operations

- Revenue from hotel operations, mainly comprises room sales, food and beverage sales and revenue from auxiliary activities, is recognised at a point in time upon completion of the service. 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 at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowance and price promotions to customers.

(b) Revenue from property development operations

- Revenue from the real estate sales

Revenue from sales of real estate is recognised at the point in time when control of the asset is transferred to the buyer, and the Group retains 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 Group 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 at the point in time when control of furniture is transferred to the buyer, generally when furniture is completely and satisfactorily installed.

- Revenue from services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

(c) Revenue from rental and services

Rental income is recognised over the lease period. Service revenue is recognised over time 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

**5.7 Cost to obtain a contract**

The Group recognises commission paid to obtain a customer contract as an asset and amortises 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.

5.8 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 is 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.

**5.9 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.

5.10 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 asset.

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:

|  |  |
| --- | --- |
| Building and improvement | 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 - 50 years |

Depreciation is included in determining income.

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.

**5.11 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.

**5.12 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.

**5.13 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.

**5.14 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.

**5.15 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.

**5.16 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.

**5.17 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.

**5.18 Impairment of assets**

At the end of each reporting period, the Group performs 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 Group also carries 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 Group 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 Group estimates 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.

**5.19 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 Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund’s assets are held in a separate trust fund and the Group’s contributions are recognised as expenses when incurred.

*Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

**5.20 Provisions**

Provisions are recognised when the Group has 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.

**5.21 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 Group recognises 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 Group reviews and reduces 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**5.22 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 Group applies 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 Group measures 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 Group determines 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.

**6. 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 Group treats 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 Group presents 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 or the market approach. The key assumptions used in estimating the fair value are described in Note 19.

**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 Group measures 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 20.

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 Group has 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.

**7. Cash and cash equivalents**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Cash | 7,044 | 7,722 | 145 | 148 |
| Bank deposits | 625,500 | 593,956 | 21,561 | 22,495 |
| Total | 632,544 | 601,678 | 21,706 | 22,643 |

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interest rates between 0.22% and 0.60% per annum (2018: between 0.25% and 0.85% per annum).

**8. Long-term restricted deposit at financial institutions**

The long-term restricted deposit pledged with a financial institution as security for bank guarantee and short-term loans facilities of a subsidiaries.

**9. Trade and other receivables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Trade accounts receivable |  |  |  |  |
| Trade accounts receivable - hotel operations | 223,108 | 230,656 | 5,326 | 5,102 |
| Less: Allowance for doubtful accounts | (9,119) | (8,566) | (3,528) | (3,300) |
| Trade accounts receivable - hotel operations, net | 213,989 | 222,090 | 1,798 | 1,802 |
| Trade accounts receivable - sales of property |  |  |  |  |
| - Installments due | 121,606 | 60,531 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 15) | 295,637 | 184,522 | - | - |
| Trade accounts receivable - sales of property, net | 417,243 | 245,053 | - | - |
| Trade accounts receivable - sales of holiday club |  |  |  |  |
| memberships - Installments due and trade accounts  receivable from sales and marketing services for  holiday club memberships | 41,213 | 81,510 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 15) | 484 | 1,507 | - | - |
| Trade accounts receivable - sales of holiday club |  |  |  |  |
| memberships and sales and marketing services for  holiday club memberships, net | 41,697 | 83,017 | - | - |
| Trade accounts receivable - net | 672,929 | 550,160 | 1,798 | 1,802 |
| Other receivables |  |  |  |  |
| Amounts due from related parties (Note 10) | 51,504 | 45,368 | 29,958 | 38,874 |
| Other receivables | 56,167 | 9,268 | 3,713 | 332 |
| Insurance claim receivable | 404 | 1,434 | - | - |
| Accrued other income | 4,376 | 8,191 | 233 | 234 |
| Interest receivable | 39 | 152 | 39 | 98 |
| Accrued rental | 28,521 | 21,478 | 28,521 | 21,479 |
| Total other receivables | 141,011 | 85,891 | 62,464 | 61,017 |
| Trade and other receivables, net | 813,940 | 636,051 | 64,262 | 62,819 |

The balances of trade accounts receivable - hotel operations as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 110,965 | 120,892 | 184 | 287 |
| Past due |  |  |  |  |
| Up to 30 days | 64,608 | 65,827 | 325 | 190 |
| 31 - 60 days | 17,397 | 16,904 | 211 | 131 |
| 61 - 90 days | 3,171 | 5,142 | 103 | 102 |
| 91 - 120 days | 7,658 | 2,911 | 56 | 54 |
| Over 120 days | 19,309 | 18,980 | 4,447 | 4,338 |
| Total | 223,108 | 230,656 | 5,326 | 5,102 |
| Less: Allowance for doubtful debts | (9,119) | (8,566) | (3,528) | (3,300) |
| Trade accounts receivable - hotel operations, net | 213,989 | 222,090 | 1,798 | 1,802 |

The balances of trade accounts receivable - sales of property as at 31 December 2019 and 2018, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 378,626 | 224,777 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 8,689 | 11,202 | - | - |
| 31 - 60 days | 7,722 | 4,103 | - | - |
| 61 - 90 days | 5,507 | 1,958 | - | - |
| 91 - 120 days | 9,274 | 947 | - | - |
| Over 120 days | 7,425 | 2,066 | - | - |
| Trade accounts receivable - sales of property, net | 417,243 | 245,053 | - | - |

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 2019 and 2018, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 20,633 | 5,275 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 2,248 | 3,771 | - | - |
| 31 - 60 days | 5,287 | 4,224 | - | - |
| 61 - 90 days | 2,707 | 4,870 | - | - |
| 91 - 120 days | 3,085 | 1,041 | - | - |
| Over 120 days | 7,253 | 62,329 | - | - |
| Trade accounts receivable - sales of holiday club memberships - installments due and trade  accounts receivable from sales and marketing service for holiday club memberships - net | 41,213 | 81,510 | - | - |

10. Related party transactions

During the year, the Group 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 | | |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | financial statements | | | Transfer pricing policy |
|  | 2019 | 2018 | 2019 | | 2018 |  |
| Transactions with subsidiaries | | |  | |  |  |
| (eliminated from the consolidated financial statements) | | |  | |  |  |
| Guarantee fee income | - | - | 1 | | 1 | (3) agreed basis |
| Guarantee fee expenses | - | - | 2 | | 3 | (3) agreed basis |
| Interest income | - | - | 73 | | 41 | (5) agreement |
| Interest expenses | - | - | 35 | | 31 | (5) agreement |
| Management fee income | - | - | 103 | | 95 | (4), (7) agreement |
| Reimbursement receipts | - | - | 3 | | 30 | (11) agreed basis |
| Reimbursement payments | - | - | 8 | | 9 | (11) agreed basis |
| Rental and service income | - | - | 4 | | 5 | (12)(iii) agreement |
| Rental and service expenses | - | - | 6 | | 6 | (12)(iv), (v) agreement |
| Resort service expenses | - | - | 8 | | 7 | (14) agreed basis |
| Dividend income | - | - | 1,010 | | - | As declared |
| Transactions with associates | | | |  |  |  |
| Dividend income | - | - | 28 | | 28 | As declared |
| Reimbursement receipts | 6 | 4 | - | | - | (11) agreed basis |
| Rental and service income | 22 | 22 | - | | - | (12)(iv) agreement |
| Transactions with related companies | | | |  |  |  |
| Credit card commission receipts | 1 | 1 | - | | - | (1) agreed basis |
| Inter resort payments | 64 | 69 | - | | - | (1) agreed basis |
| Management fee income | 5 | 3 | 4 | | 2 | (15), (16) agreement |
| Management fee expenses | 296 | 248 | 6 | | - | (6), (17) agreement |
| Purchase of spa and gallery vouchers | 7 | 7 | 1 | | 2 | (2), (8) agreed basis |
| Sale of goods | 21 | 25 | - | | - | (9) agreed basis |
| Reimbursement receipts | 55 | 56 | | 7 | 6 | (11) agreed basis |
| Reimbursement payments | 49 | 33 | | 1 | 1 | (11) agreed basis |
| Rental and service income | 23 | 26 | | - | - | (12)(i), (ii), (iv), (vi) agreement |
| Rental and service expenses | 1 | 1 | | - | - | (12)(vii) agreement |
| Rental return on hotel units | 4 | 4 | | - | - | (13) agreement |
| Resort service income | 5 | 5 | | - | - | (14) agreed basis |
| Training charges | 8 | 13 | | - | - | (10) agreed basis |
| Interest expenses | 1 | - | | - | - | (5), (18) agreement |

(Unit: Million Baht)

|  | Consolidated | | Separate | | |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | financial statements | | | Transfer pricing policy |
|  | 2019 | 2018 | 2019 | | 2018 |  |
| Transactions with management and directors | | | |  |  |  | |
| 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 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 38 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 Grande Resort Limited, formerly known as Phuket Resort Development Limited), Angsana Villas Resort Phuket (Bangtao Grande Limited) and Laguna Holding 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 Banyan Tree Phuket pay a technical fee of 7.5% of gross operating profit.

(v) The Hotel Management Agreements 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 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 and Banyan Tree Hotels & Resorts (Thailand) 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 and design service agreement which the fees are based on 10% mark up of actual working hours in providing the service and included all cost.

(18) Loan from a related company is unsecured and is denominated in Thai Baht. The loans carry interest at a rate 1.5% per annum.  The loan is repayable within December 2023.

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)

|  |  |  |
| --- | --- | --- |
|  | 2019 | 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 Group as follows:

(Unit: Million Baht)

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

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Amounts due from related parties** |  |  |  |  |
| Subsidiaries | - | - | 25,973 | 36,707 |
| Associated companies | 169 | 59 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 51,335 | 45,309 | 3,985 | 2,167 |
| Total amounts due from related |  |  |  |  |
| parties (Note 9) | 51,504 | 45,368 | 29,958 | 38,874 |
| **Amounts due to related parties** | |  |  |  |  |
| Subsidiaries | - | - | 10,009 | 8,487 |
| Associated companies | 24 | 16 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 150,829 | 121,197 | 3,234 | 933 |
| Total amounts due to related parties |  |  |  |  |
| (Note 23) | 150,853 | 121,213 | 13,243 | 9,420 |

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

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

Long-term loans to subsidiaries

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 1 January 2019 | Addition | Repayment | 31 December 2019 |
| Laguna Banyan Tree Limited | 464,000 | 539,500 | (278,500) | 725,000 |
| Laguna Holiday Club Limited | 208,000 | 92,500 | (76,500) | 224,000 |
| Laguna Lakes Limited | 315,000 | 21,000 | (36,000) | 300,000 |
| Laguna Grande Limited | - | 1,315,000 | (689,500) | 625,500 |
| Laguna (3) Limited | - | 5,000 | (2,000) | 3,000 |
| Banyan Tree Gallery (Thailand) Limited | - | 28,050 | - | 28,050 |
| Total | 987,000 | 2,001,050 | (1,082,500) | 1,905,550 |

**Long-term loans from subsidiaries**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 1 January 2019 | Addition | Repayment | 31 December 2019 |
| Laguna Grande Limited | 32,500 | - | (32,500) | - |
| Laguna (3) Limited | 28,000 | - | (28,000) | - |
| TWR-Holdings Limited | 373,000 | 1,137,500 | (1,337,500) | 173,000 |
| Total | 433,500 | 1,137,500 | (1,398,000) | 173,000 |

**Long-term loan from related company**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | 1 January 2019 | Addition | Repayment | 31 December 2019 |
| Banyan Tree Hotels & Resorts (Thailand) Limited | - | 26,950 | - | 26,950 |
| Total | - | 26,950 | - | 26,950 |

Directors and management’s benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Short-term employee benefits | 87,727 | 102,867 | 42,838 | 57,636 |
| Post-employment benefits | 2,875 | 2,808 | 1,429 | 1,459 |
| Other long-term employee benefits | 32 | 37 | 15 | 22 |
| Total | 90,634 | 105,712 | 44,282 | 59,117 |

**11. Inventories**

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | Cost | | Reduce cost to net realisable value | | Inventories-net | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Food and beverage | 22,864 | 25,032 | - | - | 22,864 | 25,032 |
| Finished goods and supplies | 66,443 | 77,670 | (982) | (1,585) | 65,461 | 76,085 |
| Total | 89,307 | 102,702 | (982) | (1,585) | 88,325 | 101,117 |

12. Property development cost

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Property for sale under holiday club memberships | 229,062 | 425,209 | - | - |
| Completed buildings | 532,081 | 641,385 | - | - |
| Land | 1,924,053 | 1,796,067 | 111,429 | 111,429 |
| Property under construction | 1,453,202 | 952,679 | - | - |
| Total | 4,138,398 | 3,815,340 | 111,429 | 111,429 |

Subsidiaries have mortgaged property development cost amounting to Baht 1,288 million (2018: Baht 788 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 35.5 million were capitalised for the year ended 31 December 2019 (2018: Baht 1.7 million). The weighted average rate of 3.67% - 4.93% (2018: 4.78%) has been used to determine the amount of borrowing costs eligible for capitalisation.

13. Assets recognised in respect of costs to obtain contracts with customers

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | | |
|  | Consolidated  financial statements | | | Separate  financial statements | |
|  | 2019 | 2018 | | 2019 | 2018 |
|  |  | (Restated) | |  |  |
| Net book value at beginning of year | 70,722 | 61,157 | | - | - |
| Additions | 56,324 | 35,689 | | - | - |
| Amortisation | (27,064) | (26,124) | | - | - |
| Net book value at end of year | 99,982 | 70,722 | | - | - |

14. Other current assets

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Value added tax | 43,971 | 47,263 | 1,355 | 962 |
| Prepaid expenses and withholding |  |  |  |  |
| tax deducted at source | 53,642 | 39,689 | 7,118 | 6,425 |
| Advances to suppliers and staff | 37,357 | 73,753 | 745 | 786 |
| Income tax and VAT refundable | 32,807 | 31,768 | 5,976 | 6,943 |
| Deposit for purchase of land and office units for rent | 74,061 | 79,250 | - | - |
| Total | 241,838 | 271,723 | 15,194 | 15,116 |

15. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

15.1 Installments receivable from property sales which bear interest at a rate of 3.0% - 7.0% and MLR plus 0.5% per annum and installments are repaid over a period of 3 to 10 years.

15.2 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 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 2019 | 2018 |
| Current portion of long-term trade |  |  |
| accounts receivable | 296,121 | 186,029 |
| Long-term trade accounts receivable | 796,461 | 488,042 |
| Total | 1,092,582 | 674,071 |
|  |  |  |
| Sales of property |  |  |
| Within 1 year (Note 9) | 295,637 | 184,522 |
| Over 1 year to 5 years | 796,385 | 487,145 |
| Long-term trade accounts receivable - |  |  |
| sales of property | 1,092,022 | 671,667 |
|  |  |  |
| Sales of holiday club memberships |  |  |
| Within 1 year (Note 9) | 484 | 1,507 |
| Over 1 year to 5 years | 76 | 897 |
| Long-term trade accounts receivable - |  |  |
| sales of holiday club memberships | 560 | 2,404 |
| Total | 1,092,582 | 674,071 |

**16. 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 | |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | Million Baht | Million Baht | % | % | Million Baht | Million Baht |
| **Subsidiaries held by the Company** |  |  |  |  |  |  |
| Banyan Tree Gallery (Singapore) | SGD 0.43 | SGD 0.43 | 51.0 | 51.0 | 4.0 | 4.0 |
| Pte Limited | 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 Company 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 years, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

|  | Separate financial statements | |
| --- | --- | --- |
| Company's name | 2019 | 2018 |
| Laguna (3) Limited | 32,884 | - |
| TWR - Holdings Limited | 747,100 | - |
| Laguna Grande Limited | 157,173 | - |
| Banyan Tree Gallery (Thailand) Limited | 43,348 | - |
| Laguna Service Company Limited | 29,055 | - |
| Total | 1,009,560 | - |

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.

Details of investments in subsidiaries that have material non-controlling interests.

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company’s name | Proportion of equity interest held by  non-controlling interests | | Dividend paid to non-controlling interests during the year | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Banyan Tree Gallery (Thailand) Company Limited | 49.0 | 49.0 | 41.7 | - |
| Laguna Services Company Limited | 27.1 | 27.1 | 31.9 | - |
| Talang Development Company Limited | 50.0 | 50.0 | 37.0 | - |
|  |  |  | 110.6 | - |

On 17 December 2019, Laguna Grande Limited (“LGL”, a wholly owned subsidiary) has entered into the joint venture agreement with an unrelated person to establish a joint venture company in Thailand. The purpose of the joint venture is to invest in boutique farming business in Thailand. Joint venture stake will be held by LGL at 60 percent and unrelated person at 40 percent.  The initial investment cost for the portion of LGL is Baht 6,000. The establishment of the joint venture company is expected to be competed in the first quarter of 2020.

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

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 2019 | 2018 |
| 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 | |
|  | 2019 | 2018 | 2019 | 2018 |
| Growth rate (% per annum) | 2.15 | 3.69 | 9.80 | 12.24 |
| Discount rate (% per annum) | 7.92 | 8.90 | 7.83 | 8.88 |

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.

**17. Investments in associates**

17.1 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 | |
|  |  |  | 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) | - | - |
|  |  |  |  |  | - | - | - | - |
| Thai Wah Public Company Limited | Manufacture and distribution of vermicelli, tapioca starch and other | Thailand | 10.03 | 10.03 | 777,454 | 777,454 | 759,168 | 793,720 |
|  | food products |  |  |  |  |  |  |  |
| Banyan Tree China Pte. Ltd. | Holding company | Singapore | 10.69 | 10.69 | 173,495 | 173,495 | 222,014 | 221,497 |
| Total investments in associates - net | | |  |  | 950,949 | 950,949 | 981,182 | 1,015,217 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Separate financial statements | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | |
|  |  |  | 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 |

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.

As at 31 December 2019 and 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.

17.2 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)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | Share of profit from investments in | | Share of other comprehensive income (loss) from investments in | |
| Company’s name | associates during the years | | associates during the years | |
|  | 2019 | 2018 | 2019 | 2018 |
| Thai Wah Public Company Limited | 4,263 | 12,643 | (10,544) | 2,067 |
| Banyan Tree China Pte. Ltd. | 517 | 52,985 | - | (1,044) |
| Total | 4,780 | 65,628 | (10,544) | 1,023 |

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Separate financial statements | |
| Company’s name | Dividend received | |
|  | 2019 | 2018 |
| Thai Wah Public Company Limited | 28,271 | 28,271 |
| Total | 28,271 | 28,271 |

17.3 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 | |
|  | 2019 | 2018 |
| Thai Wah Public Company Limited | 369 | 733 |

17.4 Summarised financial information about material associates

Summarised information about financial position

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Million Baht) | | | |
|  | Thai Wah Public Company Limited | | Banyan Tree China Pte. Ltd. | |
|  | 2019 | 2018 | 2019 | 2018 |
| Current assets | 3,243 | 3,201 | - | - |
| Non-current assets | 4,655 | 3,901 | 2,552 | 2,436 |
| Current liabilities | (1,009) | (796) | - | - |
| Non-current liabilities | (1,621) | (440) | - | - |
| Non-controlling interests | (275) | (562) | - | - |
| Net assets | 4,993 | 5,304 | 2,552 | 2,436 |
| Shareholding percentage (%) | 10.03 | 10.03 | 10.69 | 10.69 |
| Share of net assets | 501 | 532 | 273 | 260 |
| Difference in share of net assets and net book value of investment | - | - | (51) | (39) |
| Difference in fair value of identifiable assets | 160 | 164 | - | - |
| Goodwill | 98 | 98 | - | - |
| Carrying amounts of associates based an equity method | 759 | 794 | 222 | 221 |

Summarised information about comprehensive income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Million Baht) | | | |
|  | Thai Wah Public Company Limited | | Banyan Tree China Pte. Ltd. | | |
|  | 2019 | 2018 | 2019 | 2018 | |
| Revenue | 7,407 | 7,329 | - | - | |
| Profit (loss) | 51 | 156 | 5 | (43) | |
| Other comprehensive income (loss) | (108) | 40 | (5) | (3) | |
| Total comprehensive income (loss) | (57) | 196 | - | (46) | |

17.5 Summarised financial information of other associate

| (Unit: Million Baht) | | |
| --- | --- | --- |
|  | For the year ended 31 December | |
|  | Tropical Resorts Ltd. | |
|  | 2019 | 2018 |
| Gain (loss) | 11 | (248) |
| Other comprehensive income (loss) | (201) | 158 |
| Total comprehensive income (loss) | (190) | 90 |

17.6 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.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Unrecognised share of profit (losses) | | | |
| Company’s name | Share of profit (losses) during the years | | Cumulative share  of losses up to  31 December | |
|  | 2019 | 2018 | 2019 | 2018 |
| Tropical Resorts Ltd. | (49) | 23 | (278) | (229) |

18. Other long-term investments

| (Unit: Thousand Baht) | | |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 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 |

19. 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 | - | - | (9,672) | (9,672) | - | - | (9,430) | (9,430) |
| Gain on revaluation of investment properties | 11,640 | 74,870 | - | 86,510 | 1,419 | 6,009 | - | 7,428 |
| Balance as at  31 December 2019 | 202,717 | 1,208,485 | - | 1,411,202 | 74,771 | 106,848 | - | 181,619 |

As at 31 December 2019, the fair value of the investment properties has been determined based on valuation performed by an independent valuer, using the Market Approach (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 which the shops for rent are 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 Group hired an independent appraiser to appraise the value of their investment 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 Group 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 year ended 31 December 2019.

Key assumptions used in the valuation are summarised below:

(Unit: Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | | Result to fair value where as an increase in assumption value |
|  | Consolidated financial statements | Separate financial statements |
| Price per rai | 110 - 16,000 | 171 - 16,000 | Increase in fair value |
| Price per Sq.m. | 43 - 85 | - | Increase in fair value |

As at 31 December 2019, the subsidiaries have pledged investment properties amounting to approximately Baht 837 million (2018: Baht 729 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 44.

20. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and | Building |  | Machinery |  | Operating |  |  |  |  |
|  | land | and |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | improvement | Golf course | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **At cost** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 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 |
| Additions | 9,700 | 67,880 | 1,644 | 32,612 | 33,086 | 51,400 | 603 | 7,337 | 737,675 | 941,937 |
| Disposals and write-off | - | (493) | - | (8,391) | (21,329) | (29,637) | (20,783) | (3,283) | (3,142) | (87,058) |
| Transfers in/out | - | 405,771 | 1,559 | 191,761 | 100,602 | 36,772 | 1,584 | 45,434 | (783,483) | - |
| Transfer to property development  cost | (3,105) | (26,141) | - | (4,691) | (10,927) | - | - | - | - | (44,864) |
| Transfer from property development cost | 7,088 | 263,018 | - | - | 32,950 | - | - | - | - | 303,056 |
| Adjustments | (224) | (806) | (726) | (233) | (244) | (203) | - | (79) | (780) | (3,295) |
| As at 31 December 2019 | 1,524,232 | 5,992,201 | 434,958 | 1,977,608 | 1,281,839 | 629,065 | 42,949 | 246,942 | 175,418 | 12,305,212 |

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and | Building |  | Machinery |  | Operating |  |  |  |  |
|  | land | and |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | improvement | Golf course | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | (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) |
| Depreciation charged for the year | - | (166,219) | (11,808) | (94,099) | (70,449) | (56,902) | (3,611) | (6,874) | - | (409,962) |
| Disposals and write-off | - | 328 | - | 8,195 | 20,955 | 29,393 | 18,636 | 3,283 | - | 80,790 |
| Transfer to property development cost | - | 8,683 | - | 3,874 | 8,321 | - | - | - | - | 20,878 |
| Adjustments | - | 165 | 37 | 8 | 375 | 156 | - | 69 | - | 810 |
| As at 31 December 2019 | (571) | (1,959,520) | (356,099) | (1,349,342) | (1,009,065) | (433,431) | (34,195) | (176,927) | - | (5,319,150) |
| **Allowance for impairment loss** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | - | (4,923) | - | - | - | - | - | - | - | (4,923) |
| Adjustments | - | 170 | - | - | - | - | - | - | - | 170 |
| As at 31 December 2018 | - | (4,753) | - | - | - | - | - | - | - | (4,753) |
| Reverse (addition) | - | (11,150) | - | - | - | - | - | - | - | (11,150) |
| Adjustments | - | 162 | - | - | - | - | - | - | - | 162 |
| As at 31 December 2019 | - | (15,741) | - | - | - | - | - | - | - | (15,741) |
| **Net book value - At cost** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 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 |
| As at 31 December 2019 | 1,523,661 | 4,016,940 | 78,859 | 628,266 | 272,774 | 195,634 | 8,754 | 70,015 | 175,418 | 6,970,321 |

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and | Building |  | Machinery |  | Operating |  |  |  |  |
|  | land | and |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | improvement | Golf course | equipment | fixtures | equipment | work | vehicles | in progress | Total |
| **Revaluation portion** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 5,257,496 | 139,224 | - | - | - | - | - | - | - | 5,396,720 |
| Transfer to property development cost | - | (9,095) | - | - | - | - | - | - | - | (9,095) |
| As at 31 December 2018 | 5,257,496 | 130,129 | - | - | - | - | - | - | - | 5,387,625 |
| Additions | 990,724 | 63,959 | - | - | - | - | - | - | - | 1,054,683 |
| Transfer to property development cost | (153,460) | (249) | - | - | - | - | - | - | - | (153,709) |
| As at 31 December 2019 | 6,094,760 | 193,839 | - | - | - | - | - | - | - | 6,288,599 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | - | (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) |
| Depreciation of revaluation surplus  on assets | - | (1,955) | - | - | - | - | - | - | - | (1,955) |
| Additions | - | (39,213) | - | - | - | - | - | - | - | (39,213) |
| Transfer to property development cost | - | 83 | - | - | - | - | - | - | - | 83 |
| As at 31 December 2019 | - | (81,048) | - | - | - | - | - | - | - | (81,048) |
| **Net book value - revaluation portion** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 5,257,496 | 96,889 | - | - | - | - | - | - | - | 5,354,385 |
| As at 31 December 2018 | 5,257,496 | 90,166 | - | - | - | - | - | - | - | 5,347,662 |
| As at 31 December 2019 | 6,094,760 | 112,791 | - | - | - | - | - | - | - | 6,207,551 |
| **Property, plant and equipment - net** |  |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 6,767,742 | 3,516,793 | 101,005 | 524,963 | 150,592 | 147,303 | 14,145 | 15,062 | 62,253 | 11,299,858 |
| As at 31 December 2018 | 6,767,698 | 3,565,908 | 88,153 | 499,230 | 179,434 | 164,655 | 12,325 | 24,128 | 225,148 | 11,526,679 |
| As at 31 December 2019 | 7,618,421 | 4,129,731 | 78,859 | 628,266 | 272,774 | 195,634 | 8,754 | 70,015 | 175,418 | 13,177,872 |
| **Depreciation for the year** |  |  |  |  |  |  |  |  |  |  |
| 2018 |  |  |  |  |  |  |  |  |  | 375,532 |
| 2019 |  |  |  |  |  |  |  |  |  | 411,755 |

Separate financial statements

Assets carried at cost

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and |  | Machinery |  | Operating |  |  |  |  |
|  | land |  | and | Furniture and | and office | External | Motor | Construction |  |
|  | improvement | Building | equipment | fixtures | Equipment | work | vehicles | in process | Total |
| **At cost** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 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 |
| Disposals 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 |
| Additions | - | - | - | 616 | 1,673 | - | - | 6,565 | 8,854 |
| Disposals and write-off | - | - | - | (247) | (420) | - | - | - | (667) |
| Transfer in / out | - | 12,284 | - | - | - | - | - | (12,284) | - |
| As at 31 December 2019 | 189 | 38,942 | 16,195 | 15,814 | 37,576 | 1,527 | 8,558 | 1,382 | 120,183 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | - | (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) |
| Disposals 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) |
| Depreciation charged for the year | - | (2,455) | (1,091) | (965) | (3,538) | (32) | (184) | - | (8,265) |
| Disposals and write-off | - | - | - | 245 | 420 | - | - | - | 665 |
| As at 31 December 2019 | - | (20,685) | (7,626) | (13,326) | (32,103) | (1,471) | (8,293) | - | (83,504) |
| **Allowance for impairment loss** |  |  |  |  |  |  |  |  |  |
| Additions | - | (2,920) | - | - | - | - | - | - | (2,920) |
| As at 31 December 2019 | - | (2,920) | - | - | - | - | - | - | (2,920) |
| **Net book value - At cost** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 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 |
| As at 31 December 2019 | 189 | 15,337 | 8,569 | 2,488 | 5,473 | 56 | 265 | 1,382 | 33,759 |

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and |  |  |  | Operating |  |  |  |  |
|  | Land |  | Machinery and | Furniture and | and office | External | Motor | Construction |  |
|  | Improvement | Building | equipment | fixtures | equipment | work | vehicles | in process | Total |
| **Revaluation portion** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 3,804 | 14,092 | - | - | - | - | - | - | 17,896 |
| Disposals and write-off | - | (9,095) | - | - | - | - | - | - | (9,095) |
| As at 31 December 2018 | 3,804 | 4,997 | - | - | - | - | - | - | 8,801 |
| Additions | 444 | 7,522 | - | - | - | - | - | - | 7,966 |
| As at 31 December 2019 | 4,248 | 12,519 | - | - | - | - | - | - | 16,767 |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | - | (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) |
| Depreciation charged for the year | - | (49) | - | - | - | - | - | - | (49) |
| Additions | - | (5,128) | - | - | - | - | - | - | (5,128) |
| As at 31 December 2019 | - | (7,980) | - | - | - | - | - | - | (7,980) |
| **Net book value - revaluation portion** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 3,804 | 6,628 | - | - | - | - | - | - | 10,432 |
| As at 31 December 2018 | 3,804 | 2,194 | - | - | - | - | - | - | 5,998 |
| As at 31 December 2019 | 4,248 | 4,539 | - | - | - | - | - | - | 8,787 |
| **Property, plant and equipment - net** |  |  |  |  |  |  |  |  |  |
| As at 1 January 2018 | 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 |
| As at 31 December 2019 | 4,437 | 19,876 | 8,569 | 2,488 | 5,473 | 56 | 265 | 1,382 | 42,546 |
| **Depreciation for the year** |  |  |  |  |  |  |  |  |  |
| 2018 |  |  |  |  |  |  |  |  | 8,006 |
| 2019 |  |  |  |  |  |  |  |  | 8,314 |

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 29 November 2019 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:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  | | Result to fair value where as an increase in assumption value |
|  | Consolidated financial statements | | Separate financial statements |
| Building - Price per square  metre (Baht) | 1,000 - 75,000 | | 1,000 - 16,000 | Increase in fair value |
| Discount rate (%) | 13 | | - | Decrease in fair value |
| Average room rate per night (Baht) | 10,432 | | - | Increase in fair value |
| Land - Price per rai (Million Baht) | 1.5 - 400 | | 18 | Increase in fair value |

As at 31 December 2019, certain buildings and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 2,204 million (2018: Baht 2,295 million) (the Company only: Baht 45 million, 2018: Baht 42 million).

As at 31 December 2019, the Group had an outstanding balance of new buildings under construction amounting to Baht 231 million (2018: Nil). The construction has been financed with loans from a financial institution. Borrowing costs amounting to Baht 11 million were capitalised during the year ended 31 December 2019 (2018: Nil). The weighted average rate of 4.93% has been used to determine the amount of borrowing costs eligible for capitalization.

The subsidiaries have mortgaged land and buildings at fair value of Baht 9,135 million (2018: Baht 7,488 million) as collateral against credit facilities received from financial institutions.

**21. Leasehold rights**

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  |  | Hotel units |
| **Cost** |  |  |
| As at 1 January 2018 |  | 49,664 |
| Exchange rate adjustment |  | (1,540) |
| As at 31 December 2018 |  | 48,124 |
| Exchange rate adjustment |  | (2,795) |
| As at 31 December 2019 |  | 45,329 |
| **Accumulated amortisation** |  |  |
| As at 1 January 2018 |  | (38,203) |
| Amortisation for the year |  | (2,495) |
| Exchange rate adjustment |  | 1,212 |
| As at 31 December 2018 |  | (39,486) |
| Amortisation for the year |  | (2,371) |
| Exchange rate adjustment |  | 2,339 |
| As at 31 December 2019 |  | (39,518) |
| **Net book value** |  |  |
| As at 31 December 2018 |  | 8,638 |
| As at 31 December 2019 |  | 5,811 |

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

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

(Unit: Thousand Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Interest rate | Consolidated financial statements | | Separate  financial statements | |
|  | (percent per annum) | 2019 | 2018 | 2019 | 2018 |
| Short-term loans from financial institutions | 2.40 – 6.00  (2018: 3.63 – 3.65) | 1,117,000 | 450,000 | 650,000 | 240,000 |
| Total | | 1,117,000 | 450,000 | 650,000 | 240,000 |

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 20 and by the guarantee provided by subsidiaries.

**23. Trade and other payables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Trade accounts payable | 433,703 | 325,389 | 2,046 | 1,478 |
| Accrued construction | 18,122 | - | - | - |
| Amounts due to related  parties (Note 10) | 150,853 | 121,213 | 13,243 | 9,420 |
| Accrued expenses | 225,314 | 198,140 | 16,220 | 13,885 |
| Other payables | 231,371 | 242,712 | 263 | 209 |
| Service charge payable to  hotel staff | 36,783 | 34,256 | - | - |
| Accrued rental to villa owners | 92,014 | 99,104 | 6,834 | 8,687 |
| Total | 1,188,160 | 1,020,814 | 38,606 | 33,679 |

**24. Other current liabilities**

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | Separate financial statements | | |
|  | 2019 | 2018 | 2019 | | 2018 |
|  |  | (Restated) |  | |  |
| Value added tax payable | 65,185 | 60,148 | 3,173 | | 4,487 |
| Unearned income | 33,467 | 34,614 | - | | - |
| Other tax payable | 153,653 | 89,978 | 21,052 | | 3,134 |
| Short-term provision | 9,018 | 10,691 | - | | - |
| Total | 261,323 | 195,431 | 24,225 | | 7,621 |

25. Long-term loans from financial institutions

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | Separate financial statements | | | |
|  | 2019 | | 2018 | | 2019 | | 2018 | |
| Secured | 4,858,327 | | 2,997,194 | | 1,363,809 | | 74,125 | |
| Long-term loans are repayable as follows: | |  | |  | |  | |  | |
| Within 1 year | 899,235 | | 673,343 | | 37,000 | | 3,875 | |
| Over 1 year to 5 years | 2,137,962 | | 1,820,601 | | 565,250 | | 62,000 | |
| Over 5 years | 1,821,130 | | 503,250 | | 761,559 | | 8,250 | |
|  | 3,959,092 | | 2,323,851 | | 1,326,809 | | 70,250 | |
| Total | 4,858,327 | | 2,997,194 | | 1,363,809 | | 74,125 | |

Long-term loans consist of the following:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| **The Company** |  |  |  |  |
| (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 | 70,250 | 74,125 | 70,250 | 74,125 |
| (2) Baht loan from a bank, with a facility of Baht 1,300 million |  |  |  |  |
| repayable quarterly from February 2020 to November 2027, |  |  |  |  |
| at an interest rate as follows: |  |  |  |  |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 1,293,559 | - | 1,293,559 | - |
| Subsidiaries |  |  |  |  | |
| (3) 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: |  |  |  |  | |
| 2018 onwards: MLR less 0.5% and 0.75% per annum | 339,550 | 467,550 | - | - | |
| (4) 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% per annum | 240,000 | 320,000 | - | - | |
| (5) 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% per annum | 82,729 | 114,729 | - | - | |
| (6) 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 | 157,500 | 169,500 | - | - | |
| (7) 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% and 1.25% per annum | 48,000 | 64,000 | - | - | |
| (8) 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 | 158,000 | 282,294 | - | - | |
| (9) 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% and 1.25% per annum | 367,041 | 365,840 | - | - | |
| (10) 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 |  |  |  |  | |
| 2023 onwards: MLR less 1.25% per annum | 799,000 | 500,000 | - | - | |
|  |  |  |  |  | |

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| (11) 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 | 131,182 | 250,156 | - | - |
| (12) Baht loan from a bank, with a facility of Baht 450 million |  |  |  |  |
| 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 | 323,000 | 389,000 | - | - |
| (13) Baht loan from a bank, with a facility of Baht 335 million |  |  |  |  |
| repayable quarterly from November 2019 to August 2027, |  |  |  |  |
| at an interest rate as follows: |  |  |  |  |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 115,500 | - | - | - |
| (14) Baht loan from a bank, with a facility of Baht 100 million(a) |  |  |  |  |
| repayable quarterly from August 2020 to August 2023, |  |  |  |  |
| at an interest rate as follows: |  |  |  |  |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 32,000 | - | - | - |
| (15) Baht loan from a bank, with a facility of Baht 400 million |  |  |  |  |
| repayable quarterly from February 2020 to November 2027, |  |  |  |  |
| at an interest rate as follows: |  |  |  |  |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 298,016 | - | - | - |
| (16) Baht loan from a bank, with a facility of Baht 75 million |  |  |  |  |
| repayable quarterly from July 2019 to April 2026, at an |  |  |  |  |
| interest rate as follows: |  |  |  |  |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 74,000 | - | - | - |
| (17) Baht loan from a bank, with a facility of Baht 400 million(a) |  |  |  |  |
| repayable yearly from December 2020 to December 2024, |  |  |  |  |
| at an interest rate as follows: |  |  |  |  |
| 2019 onwards: MLR less 1.25% and 1.5% per annum | 329,000 | - | - | - |
| Total long-term loans from financial institutions | 4,858,327 | 2,997,194 | 1,363,809 | 74,125 |

MLR: Minimum Lending Rate

1. 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 2019 are summarised below:

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | Consolidated financial statements | Separate financial statements |
| Balance as at 1 January 2019 | 2,997,194 | 74,125 |
| Add: Additional borrowings | 2,625,575 | 1,293,559 |
| Less: Repayment | (764,442) | (3,875) |
| Balance as at 31 December 2019 | 4,858,327 | 1,363,809 |

The additional borrowings during the year are for the property development projects, hotel renovation and dividend payment.

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 12, 19, 20. The loan in (10) 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 Group to maintain debt to equity ratios and debt service coverage ratios at the rate prescribed in the agreements.

As at 31 December 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 936 million (2018: Baht 555 million).

26. 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 | | | | | |
|  | 2019 | | | 2018 | | |
|  | Post-employment benefits | Other long-term benefits | Total | Post-employment benefits | Other long-term benefits | Total |
| **Balance at beginning of year** | 41,994 | 23,499 | 65,493 | 33,846 | 21,322 | 55,168 |
| Included in profit or loss: |  |  |  |  |  |  |
| Current service cost | 4,168 | 1,205 | 5,373 | 2,077 | 2,186 | 4,263 |
| Interest cost | 575 | 523 | 1,098 | 524 | 486 | 1,010 |
| Past service costs and gains or losses on  settlement | 7,132 | - | 7,132 | - | - | - |
| 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 | (1,375) | (3,392) | (4,767) | (5,830) | (6,678) | (12,508) |
| **Balance at end of year** | 52,494 | 21,835 | 74,329 | 41,994 | 23,499 | 65,493 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | 2019 | | | 2018 | | |
|  | Post-employment benefits | Other long-term benefits | Total | Post-employment benefits | Other long-term benefits | Total |
| **Balance at beginning of year** | 14,577 | 1,693 | 16,270 | 13,446 | 1,341 | 14,787 |
| Included in profit or loss: |  |  |  |  |  |  |
| Current service cost | 1,255 | 79 | 1,334 | 184 | 123 | 307 |
| Interest cost | 79 | 41 | 120 | 88 | 41 | 129 |
| Past service costs and gains or losses on  settlement | 2,050 | - | 2,050 | - | - | - |
| 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 | - | (136) | (136) | (1,955) | (552) | (2,507) |
| **Balance at end of year** | 17,961 | 1,677 | 19,638 | 14,577 | 1,693 | 16,270 |

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 Group has additional long-term employee benefit liabilities of Baht 7 million (The Company only: Baht 2 million) as a result. The Group 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.

As at 31 December 2019, cumulative actuarial gains (net of actuarial losses) of post-employment benefits, which were recognised in other comprehensive income of the Group and recognised as a part of retained earnings as at 31 December 2019, amounted to Baht 10 million (2018: Baht 10 million) (the Company only: Cumulative actuarial loss Baht 1 million and 2018: cumulative actuarial gain Baht 1 million).

The Group expects to pay Baht 22 million of long-term employee benefits during the next year (the Company only: Baht 13 million) (2018: Baht 20 million, the Company: Baht 13 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 10 years (the Company only: 10 years) (2018: 10 years, the Company only: 10 years).

Significant actuarial assumptions are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Discount rate (% per annum) | 2.75 | 2.75 | 2.75 | 2.75 |
| Salary increase rate (% per annum) | 3.25 | 3.25 | 3.25 | 3.25 |
| Gold price (Baht) | 18,500 | 18,500 | 18,500 | 18,500 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | Increase | Decrease | Increase | Decrease |
| Discount rate (+/- 0.50%) | (947) | 985 | (108) | 113 |
| Salary increase rate (+/-1.00%) | 1,673 | (1,535) | 232 | (213) |
| Gold Price (+/- 1,000 Baht) | 422 | (422) | 32 | (32) |

27. Provision for legal cases

|  |  |  |
| --- | --- | --- |
| (Unit: Thousand Baht) | | |
|  | Consolidated financial statement | |
|  | 2019 | 2018 |
| Balance at beginning of year | 20,682 | 41,018 |
| Increase | 1,668 | 20,682 |
| Settlement | (4,036) | (10,000) |
| Reversal | - | (31,018) |
| Balance at end of year | 18,314 | 20,682 |

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statement | |
|  | 2019 | 2018 |
| Current | - | - |
| Non-current | 18,314 | 20,682 |
|  | 18,314 | 20,682 |

28. 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.

29. Revaluation surplus

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Balance - beginning of year | 4,790,813 | 4,799,913 | 139,043 | 142,719 |
| Addition of revaluation surplus on assets | 809,898 | - | 2,270 | - |
| Reversal of revaluation surplus on disposal of assets | (19,770) | (9,100) | - | (3,676) |
| Balance - end of year | 5,580,941 | 4,790,813 | 141,313 | 139,043 |

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

30. 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.

**31. Revenue from contracts with customers**

**30.1 Disaggregated revenue information**

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | | |
|  | 2019 | 2018 | 2019 | 2018 | |
|  |  | (Restated) |  | (Restated) | |
| **Revenue from contract with customers:** |  |  |  |  | |
| Revenue from hotel operations | 3,356,259 | 3,572,748 | 36,297 | 37,371 | |
| Revenue from property development operations | 2,568,163 | 1,705,618 | 350 | 629 | |
| Revenue from office rental operations - service income | 21,979 | 19,937 | 2,481 | 2,780 | |
| Management fee income | 4,633 | 2,553 | 107,432 | 97,233 | |
| **Total revenue from contract with customers** | **5,951,034** | **5,300,856** | **146,560** | **138,013** | |
| Revenue from office rental operations - rental income | 69,204 | 78,730 | 19,096 | 18,559 | |
| Interest income | 38,194 | 31,368 | 73,143 | 41,694 | |
| Dividend income | - | - | 1,037,831 | 28,271 | |
| Gain on change in fair value of investment properties | 86,510 | 50,618 | 7,428 | - | |
| Other | 12,879 | 16,865 | 1,515 | 5,079 | |
| **Total revenue** | **6,157,821** | **5,478,437** | **1,285,573** | **231,616** | |
|  |  |  |  |  | |
| **Timing of revenue recognition:** |  |  |  |  | |
| Revenue recognised at a point in time | 5,799,271 | 5,112,700 | 36,647 | 38,000 | |
| Revenue recognised over time | 151,763 | 188,156 | 109,913 | 100,013 | |
| **Total revenue from contracts with customers** | **5,951,034** | **5,300,586** | **146,560** | **138,013** | |

**31.2 Contract balances and revenue recognised in relation to contract balances**

As at 31 December 2019 and 2018, the Group had significant contract balances and revenue recognised in relation to contract balance from hotel and property development operations, which are summarised below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Revenue recognised that was included in contract liabilities at the beginning of the year | 547,433 | 503,069 | - | - |

**31.3 Revenue to be recognised for the remaining performance obligations**

As at 31 December 2019, the Group has revenue from property development operations of Baht 3,086 million which is expected to be recognised as revenue over the next 3 years (2018: Baht 3,279 million which is expected to be recognised as revenue over the next 2 years) as construction of development properties progress.

**32. Other income**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Interest income | 38,194 | 31,368 | 73,143 | 41,694 |
| Dividend income | - | - | 1,037,831 | 28,271 |
| Gain on revaluation |  |  |  |  |
| of investment properties (Note 19) | 86,510 | 50,618 | 7,428 | - |
| Management fee income | 4,633 | 2,553 | 107,432 | 97,233 |
| Other | 12,879 | 16,865 | 1,515 | 5,079 |
| Total | 142,216 | 101,404 | 1,227,349 | 172,277 |

**33. Expenses by nature**

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| Salaries, wages and other employee benefits | 1,037,431 | 1,139,368 | 108,021 | 107,380 |
| Depreciation | 411,755 | 375,532 | 8,314 | 8,006 |
| Rental expenses from operating lease agreements | 205,064 | 252,381 | 32,783 | 32,974 |
| Repairs and maintenance | 180,553 | 173,493 | 2,525 | 4,759 |
| Water and electricity | 216,093 | 209,690 | 4,830 | 4,630 |
| Management, incentive fee and royalty fees | 179,444 | 173,598 | - | - |
| Commission | 173,378 | 165,586 | - | - |
| Sales and marketing expenses | 334,806 | 280,379 | 1,274 | (349) |
| Food and beverage cost | 337,395 | 339,818 | - | - |
| Increase in land and construction during the year | 1,809,520 | 962,142 | - | - |
| Change in property development cost | (323,058) | 170,639 | - | 15,728 |

**34. Income tax**

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| **Current income tax:** |  |  |  |  |
| Current income tax charge | 82,076 | 91,525 | - | - |
| Adjustment in respect of income tax of previous year | 4,122 | 5,318 | - | - |
| Write off prepaid withholding tax | - | 890 | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | 138,320 | 29,897 | (492) | (9,869) |
| **Income tax expense reported profit or loss** | 224,518 | 127,630 | (492) | (9,869) |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Deferred tax relating to actuarial loss | - | (2,275) | - | (563) |
| Deferred tax relating to revaluation  surplus on assets | 203,093 | - | 568 | - |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| Accounting profit before income tax | 582,723 | 210,857 | 1,019,764 | (29,669) |
|  |  |  |  |  |
| Applicable tax rate | 0% - 20% | 0% - 20% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 116,452 | 42,241 | 203,953 | (5,934) |
| Adjustment in respect of income tax of  previous year | 4,122 | 5,318 | - | - |
| Write off prepaid withholding tax | - | 890 | - | - |
| Effects of: |  |  |  |  |
| Gain on sales of investments in subsidiaries in the Group | 19,002 | 43,799 | - | - |
| Gain on sales of land in subsidiaries in the Group | 21,608 | - | - | - |
| Gain on conversion of loan to share capital of subsidiaries in the Group | 12,647 | - | - | - |
| Dividend income | 5,008 | - | (207,566) | (5,654) |
| Unused tax losses | 34,585 | 28,378 | - | - |
| Non-taxable expenses | 11,094 | 7,004 | 3,121 | 1,719 |
| Total | 103,944 | 79,181 | (204,445) | (3,935) |
| **Income tax expense reported in profit or**  **loss** | 224,518 | 127,630 | (492) | (9,869) |

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

(Unit: Thousand Baht)

|  | Statements of financial position | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | 2019 | | 2018 | |
|  |  | | (Restated) | |
| **Deferred tax assets (liabilities)** |  | |  | |
| Unutilised tax losses | 97,714 | | 185,565 | |
| Provision for long-term employee benefits | 14,942 | | 10,297 | |
| Intercompany charges to property |  | |  | |
| development cost and property, plant  and equipment | 15,360 | | 18,655 | |
| Other items of deferred tax assets | 31,428 | | 23,311 | |
| Revaluation surplus on assets | (1,675,714) | | (1,582,870) | |
| Temporary differences arising from |  | |  | |
| revenue and cost recognition | (882,500) | | (760,394) | |
| Gain on revaluation of investment properties | (223,497) | | (175,418) | |
| **Net deferred tax liabilities** | (2,622,267) | | (2,280,854) | |
|  |  | |  | |
| Reflected in the statements of financial position as follows: | |  | |
| Deferred tax assets | 54,198 | | 78,025 | |
| Deferred tax liabilities | (2,676,465) | | (2,358,879) | |
| **Deferred tax liabilities, net** | (2,622,267) | | (2,280,854) | |

(Unit: Thousand Baht)

|  | Statements of financial position | |
| --- | --- | --- |
|  | Separated financial statements | |
|  | 2019 | 2018 |
| **Deferred tax assets (liabilities)** |  |  |
| Unutilised tax losses | 15,965 | 18,892 |
| Provision for long-term employee benefits | 3,928 | 3,254 |
| Other items of deferred tax assets | 1,011 | 1,116 |
| Revaluation surplus on assets | (21,185) | (21,211) |
| Temporary differences arising from |  |  |
| revenue recognition | (80,525) | (84,431) |
| Gain on revaluation of investment properties | (26,047) | (24,397) |
| **Net deferred tax liabilities** | 106,853 | (106,777) |

As at 31 December 2019, the Group has unused tax losses totaling Baht 452 million (2018: Baht 266 million), on which deferred tax assets have not been recognised on these amounts as the Group believes 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 | |
|  | 2019 | 2018 | 2019 | 2018 |
| 31 December 2019 | - | 51,215 | - | - |
| 31 December 2020 | 95,219 | 54,699 | - | - |
| 31 December 2021 | 96,617 | 38,091 | - | - |
| 31 December 2022 | 112,668 | 67,832 | - | - |
| 31 December 2023 | 125,136 | 53,895 | - | - |
| 31 December 2024 | 21,911 | - | - | - |
|  | 451,551 | 265,732 | - | - |

**35. 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  financial statements | | Separate  financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  | (Restated) |  |  |
| Profit (loss) attributable to equity holders of the Company (Thousand Baht) | 364,101 | 87,697 | 1,020,256 | (19,800) |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Earnings (loss) per share (Baht/share) | 2.18 | 0.53 | 6.12 | (0.12) |

**36. Provident fund**

The Group 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 Group and will be paid to employees upon termination in accordance with the fund rules of the Group’s provident fund.

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

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Fund Manager | | Company’s contribution in | |
|  | Operation staffs | Office staffs | 2019 | 2018 |
| Laguna Resorts & Hotels Public Company Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 2.9 | 2.9 |
| Laguna Grande Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 0.9 | 1.1 |
| Bangtao Grande Limited | SCB Asset Management  Company Limited | - | 4.2 | 4.2 |
| Laguna Banyan Tree Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 6.6 | 6.3 |
| Banyan Tree Gallery (Thailand) Limited | - | MFC Asset Management Plc. | 0.6 | 0.9 |
| Banyan Tree Gallery (Singapore) Pte Ltd. | - | Central Provident Fund Board | 1.1 | 1.3 |
| Laguna Service Company Limited | - | MFC Asset Management Plc. | 2.2 | 2.2 |
| Laguna Holiday Club Limited | - | MFC Asset Management Plc. | 0.8 | 0.9 |
| Thai Wah Plaza Limited | TISCO Assets Management  Company Limited | MFC Asset Management Plc. | 4.1 | 4.4 |
| Laguna Village Limited | MFC Asset Management Plc. | - | - | 0.7 |
| Laguna Excursions Limited | - | MFC Asset Management Plc. | 0.3 | 0.3 |
| Phuket Grande Resort Limited (Formerly known as “Phuket Resort Development Limited”) | MFC Asset Management Plc. | MFC Asset Management Plc. | 0.9 | 1.2 |

**37.** **Dividends**

Dividends declared in 2019 and 2018 consisted of:

| Dividend | Approved by | Total dividends | Dividend per share |
| --- | --- | --- | --- |
|  |  | (Million Baht) | (Baht) |
| Interim dividends on retained earnings for the period ended 30 September 2019 | Board of Directors’ Meeting on 20 November 2019 | 1,500.14 | 9.00 |
| Dividends on retained earnings for the year ended 31 December 2018 | Annual General Meeting of the shareholders on 26 April 2019 | 68.33 | 0.41 |
| Total for 2019 |  | 1,568.47 | 9.41 |
|  |  |  |  |
| Dividends on retained earnings for the year ended 31 December 2017 | Annual General Meeting of the shareholders on 27 April 2018 | 63.34 | 0.38 |
| Total for 2018 |  | 63.34 | 0.38 |

38. Commitments

Capital commitment

As at 31 December 2019, the Group has 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 119 million (2018: Baht 162 million).

(b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,396 million (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 74 million and the remaining Baht 25 million shall be paid within February 2020.

Operating agreements

As at 31 December 2019, the Group has operating agreements as follows:

1. 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 & | 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 |
|  |  | Resorts Pte. Limited |  |  |
|  |  | Banyan Tree Hotels & | 1.7.2012 - 31.12.2021 | - Management fee: 10% of gross operating profit |
|  |  | Resorts (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.

1. The Group has 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 31 December 2019 and 2018, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 2019 | 2018 | 2019 | 2018 |
| Payable within: |  |  |  |  |
| In up to 1 year | 23 | 10 | 4 | 5 |
| In over 1 and up to 5 years | 46 | 8 | 4 | 7 |

During the year 2019, the Group recognised rental expenses of Baht 22 million (2018: Baht 19 million) (the Company only: Baht 5 million and 2018: Baht 5 million).

Servitude over land

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

39. Guarantees

As at 31 December 2019, there were bank guarantees amounting to Baht 50 million (the Company only: Baht 0.4 million) issued to various parties on behalf of the Group, mainly provided for the usage of electricity, other utilities and telecommunication channels (2018: Baht 58 million, the Company only: Baht 2 million).

**40. 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 Group is 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 Group’s operating segments for the years ended 31 December 2019 and 2018, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the year ended 31 December 2019 | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 3,552 | 2,574 | 104 | - | 6,230 |
| Intersegment revenues | (196) | (6) | (13) | - | (215) |
| Revenue from external customers | 3,356 | 2,568 | 91 | - | 6,015 |
| Results: |  |  |  |  |  |
| Segment results | 4 | 701 | 21 | (158) | 568 |
| Unallocated income |  |  |  |  | 104 |
| Profit from operations and other income |  |  |  |  | 672 |
| Interest income | 2 | 36 | - | - | 38 |
| Finance cost | (92) | (21) | - | (19) | (132) |
| Share of profit from investments in associates |  |  |  |  | 5 |
| Profit before income tax expenses |  |  |  |  | 583 |
| Income tax expenses | (33) | (154) | (4) | (40) | (225) |
| Profit for the year |  |  |  |  | 358 |
| **Other segment information** |  |  |  |  |  |
| Depreciation of property, plant and equipment | 387 | 15 | 3 | 7 | 412 |
| Amortisation of leasehold rights | - | 2 | - | - | 2 |

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the year ended 31 December 2018 (restated) | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 3,774 | 1,713 | 112 | - | 5,599 |
| Intersegment revenues | (202) | (7) | (13) | - | (222) |
| Revenue from external customers | 3,572 | 1,706 | 99 | - | 5,377 |
| Results: |  |  |  |  |  |
| Segment results | 147 | 151 | 26 | (122) | 202 |
| Unallocated income |  |  |  |  | 70 |
| Profit from operations and other income |  |  |  |  | 272 |
| Interest income | 2 | 29 | - | - | 31 |
| Finance cost | (104) | (46) | - | (8) | (158) |
| Share of profit from investments in associates |  |  |  |  | 66 |
| Profit before income tax expenses |  |  |  |  | 211 |
| Income tax expenses | (42) | (41) | (5) | (40) | (128) |
| Profit for the year |  |  |  |  | 83 |
| **Other segment information** |  |  |  |  |  |
| Depreciation of property, plant and equipment | 355 | 11 | 3 | 7 | 376 |
| Amortisation of leasehold rights | - | 2 | - | - | 2 |

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

(Unit: Million Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2019 |  | 2018 |
|  |  |  | (Restated) |
| Revenue from external customers |  |  |  |
| Thailand | 5,966 |  | 5,334 |
| Others | 49 |  | 43 |
| Total | 6,015 |  | 5,377 |
| Non-current assets other than financial instruments  and deferred tax assets |  |  |  |
| Thailand | 14,982 |  | 13,147 |
| Others | 51 |  | 55 |
| Total | 15,033 |  | 13,202 |

For the years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity’s revenues.

**41. Fair value hierarchy**

As at 31 December 2019 and 2018, the Group 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 2019 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 1,411 | 1,411 |
| Property, plant and equipment - land and  building | - | - | 11,748 | 11,748 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 369 | - | - | 369 |
| (Unit: Million Baht) | | | | |
|  | Separate financial statements | | | |
|  | 31 December 2019 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Assets measured at fair value** |  |  |  |  |
| Investment properties | - | - | 182 | 182 |
| Property, plant and equipment - land and  building | - | - | 24 | 24 |
| **Assets disclosed at fair values** |  |  |  |  |
| Investment in associate - Thai Wah Plc. | 369 | - | - | 369 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (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 |

**42. Financial instruments**

**42.1 Financial risk management**

The Group's 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 loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

**Credit risk**

The Group is 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 Group’s customer base, the Group does not anticipate material losses from debt collection.

**Interest rate risk**

The Group’s exposure to interest rate risk relates primarily to their deposits with financial institutions, trade accounts receivable, long-term trade accounts receivable, bank overdrafts and loans. Most of the Group’s financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Group does 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 2019 | | | | | |
|  | Fixed interest rates | |  | | |  |
|  | Within | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | - | - | 649 | 7 | 656 | 0.22 - 0.60 |
| Current investments | 14 | - | - | - | 14 | 0.90 |
| Trade and other receivables | 261 | - | 1 | 553 | 815 | 3.00 - 7.00 |
| Long-term fixed deposit | - | 2 | - | - | 2 | 1.45 |
| Long-term trade accounts receivable | - | 796 | 1 | - | 797 | 3.00 - 7.00 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 1,163 | 1,163 | - |
| Short-term loans from financial institutions | - | - | 1,117 | - | 1,117 | 2.40 - 6.00 |
| Long-term loans from financial institutions | - | - | 4,858 | - | 4,858 | 4.53 - 5.53 |
| Long-term loans from related company | - | - | 27 | - | 27 | 1.50 |

(Unit: Million Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | As at 31 December 2019 | | | | | |
|  | Fixed interest rates | |  | | |  |
|  | Within | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| Cash and cash equivalents | - | - | 22 | - | 22 | 0.25 - 0.375 |
| Trade and other receivables | - | - | - | 64 | 64 | - |
| Long-term fixed deposit | - | 2 | - | - | 2 | 1.45 |
| Long-term loans to subsidiaries | - | - | 1,906 | - | 1,906 | 5.53 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 39 | 39 | - |
| Short-term loans from financial institution | - | - | 650 | - | 650 | 3.53 - 3.60 |
| Long-term loans from subsidiaries | - | - | 173 | - | 173 | 1.85 - 6.58 |
| Long-term loans from financial institution | - | - | 1,364 | - | 1,364 | 4.53 - 4.78 |

(Unit: Million Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  | As at 31 December 2018 | | | | | |
|  | Fixed interest rates | |  | | |  |
|  | Within | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| 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 | 3.00 - 12.00 |
| Long-term fixed deposit | - | 2 | - | - | 2 | 0.90 |
| Long-term trade accounts receivable | - | 487 | 1 | - | 488 | 3.00 - 12.00 |
| Financial liabilities |  |  |  |  |  |  |
| 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 | Over 1 year | Floating | Non-Interest |  | Interest rate |
|  | 1 year | to 5 years | interest rate | bearing | Total | (% per annum) |
| Financial assets |  |  |  |  |  |  |
| 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 |
| Financial liabilities |  |  |  |  |  |  |
| Trade and other payables | - | - | - | 34 | 34 | - |
| Short-term loans from financial institution | - | - | 240 | - | 240 | 3.63 |
| Long-term loans from subsidiaries | - | - | 434 | - | 434 | 2.10 - 6.95 |
| Long-term loans from financial institution | - | - | 74 | - | 74 | 4.53 |

**Foreign currency risk**

The Group’s 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 Group 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 Group’s financial assets and liabilities denominated in foreign currencies are summarised below.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | Separate financial statements | | | |  | |
|  | Financial assets as at 31 December | | Financial liabilities as at 31 December | | Financial assets as at 31 December | | Financial liabilities as at 31 December | | Average exchange rate as at 31 December | |
| Foreign 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 | - | - | - | - | - | - | 30.1084 | 32.4036 |

**42.2 Fair value of financial instruments**

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

1. 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.
2. 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.

**43. 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 2019, the Group’s debt-to-equity ratio was 0.93:1 (2018: 0.64:1) and the Company’s was 0.48:1 (2018: 0.17:1).

**44. Litigation**

44.1 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 31 December 2019, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case (2018: Baht 17 million).

44.2 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.

In October 2019, the Supreme Court revised the judgement of the Appeal Court and confirmed the judgement of the Phuket Provincial Court instead. Therefore, the Supreme Court ordered the subsidiary to pay 11 LHC’s member in the total amount of Baht 2.5 million plus interest 7.5% from the plaint date until the subsidiary has made full payment.

In December 2019, the subsidiary has already placed all payment to the Court.

44.3 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.

As at 31 December 2019, the subsidiaries set aside a provision of Baht 1.7 million for liabilities arising as a result of this case (2018: Nil).

44.4 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.

**45.    Event after reporting period**

On 25 February 2020, 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 2019. The dividend will be paid by cash at the rate of Baht 0.43 per share.  The payment of the final dividend is dependent on approval being granted by the shareholders.

**46. Approval of financial statements**

These financial statements were authorised for issue by the Company’s Board of Directors on 25 February 2020.