Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month period ended 31 March 2020

1. General information

1.1 Corporate information

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

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation significantly affects the Group’s business activities, especially the hotel business. The hotels ceased operations to comply with government measures to minimise the COVID-19 pandemic. In terms of property development business, the Group has to temporarily delay the construction of existing property projects due to the lock down measure of Phuket province in which the property projects are located, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage.

Based on the management’s cash flow projection, despite substantial decrease in cash inflows from hotel operations and ongoing cash outflow mainly due to temporary closure of normal operations, repayment of loans from banks, and dividend payments, the Group’s remains significant forecast cash inflow because of continued installment received from property sales backlog, together with the management’s measures to reserve the cash and implement substantial cost-cutting during this period. In addition, the Group has sufficient existing loans facilities from banks to support the business, and received the bank’s approval to defer partial repayment of the loan principal due in 2020 and is negotiating with the bank requesting that the repayment of remaining loans principal be deferred.

From the above management’s action plan and cashflow projection, the Group has sufficient cash flows to support the business and is able to weather the business slowdown. The Group’s management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

**1.3 Basis for the preparation of interim financial information**

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

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

The interim financial information in Thai language is the official statutory financial information of the Company. The interim financial information in English language has been translated from the Thai language financial information.

**1.4 Basis of consolidation**

This consolidated financial information include the financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. There have been no changes in the composition of the subsidiaries during the current period.

**1.5 New financial reporting standards that became effective in the current period**

During the period, the Group has adopted the revised (revised 2019) and new 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. 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:

**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 Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group’s financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income*.*

- Recognition of credit losses - The Group recognises 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 Group adopted these financial reporting standards 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 cumulative effect of the change is described in Note 2.

**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.

The Group adopted these financial reporting standards using the modified retrospective method of initial 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 cumulative effect of the change is described in Note 2.

**Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.

- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.

- Not to use information relating to the COVID-19 situation that may affect financial forecasts used in measuring the fair values of property, plant and equipment, and investment property.

- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.

- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts used in testing goodwill for impairment.

**1.6 Significant accounting policies**

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

**1.6.1 Financial instruments**

**Classification and measurement**

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In certain cases, the Group makes an election to measure them at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Financial liabilities are classified and measured at amortised cost.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables and cost to obtain contract with customers that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

**1.6.2 Leases**

***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group’s incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

***Short-term leases and Leases of low-value assets***

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

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

As described in Note 1.5 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | |
|  | Consolidated financial statements | | | | |
|  |  | The impacts of | |  | |
|  | 31 December 2019 | Financial reporting standards related to financial instruments | TFRS 16 | 1 January 2020 | |
| **Statement of financial position** |  |  |  |  | |
| **Assets** |  |  |  |  | |
| **Non-current assets** |  |  |  |  | |
| Other non-current financial assets | - | 949,060 | - | 949,060 | |
| Other long-term investments | 606,365 | (606,365) | - | - | |
| Right-of-use assets | - | - | 55,425 | 55,425 | |
| Leasehold rights | 5,811 | - | (5,811) | - | |
| Deferred tax assets | 54,198 | - | 270 | 54,468 | |
| **Liabilities and shareholders’ equity** |  |  |  |  | |
| **Current liabilities** |  |  |  |  | |
| Trade and other payables | 1,188,160 | - | (4,969) | 1,183,191 | |
| Current portion of lease liabilities | - | - | 24,897 | 24,897 | |
| Other current liabilities | 261,323 | - | (9,498) | 251,825 | |
| **Non-current liabilities** |  |  |  |  | |
| Deferred tax liabilities | 2,676,465 | 68,539 | - | 2,745,004 | |
| Lease liabilities, net of current portion | - | - | 40,535 | 40,535 | |
|  |  |  |  |  | |
| **Shareholders’ equity** |  |  |  |  | |
| Retained earnings - unappropriated | 1,858,942 | - | (1,081) | 1,857,861 | |
| Other components of shareholders’ equity | 5,704,657 | 274,156 | - | 5,978,813 | |

| (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- |
|  | Separate financial statements | | |
|  | 31 December | The impacts of | 1 January |
|  | 2019 | TFRS 16 | 2020 |
| **Statement of financial position** |  |  |  |
| **Assets** |  |  |  |
| **Non-current assets** |  |  |  |
| Right-of-use assets | - | 5,998 | 5,998 |
| Deferred tax assets | - | 141 | 141 |
|  |  |  |  |
| **Liabilities and shareholders’ equity** |  |  |  |
| **Current liabilities** |  |  |  |
| Trade and other payables | 38,606 | (900) | 37,706 |
| Current portion of lease liabilities | - | 4,120 | 4,120 |
| **Non-current liabilities** |  |  |  |
| Lease liabilities, net of current portion | - | 3,483 | 3,483 |
|  |  |  |  |
| **Shareholders' equity** |  |  |  |
| Retained earnings - unappropriated | 901,647 | (564) | 901,083 |

**2.1 Financial instruments**

Details of the impact on other comprehensive income as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | Separate financial statements |
| Fair value measurement of investments in equity instruments of non-listed companies | 274,156 | - |
| Impacts on other comprehensive income due to the adoption of financial reporting standards related to financial instruments | 274,156 | - |

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | |
|  |  | Fair value through other comprehensive |  |  |
|  |  | income | Amortised cost | Total |
| **Financial assets as at 1 January 2020** |  |  |  |  |
| Cash and cash equivalents | 632,544 | - | 632,544 | 632,544 |
| Trade and other receivables | 813,940 | - | 813,940 | 813,940 |
| Long-term restricted deposit at financial institution | 37,873 | - | 37,873 | 37,873 |
| Long-term fixed deposit | 2,269 | - | 2,269 | 2,269 |
| Long-term trade accounts receivables | 796,461 | - | 796,461 | 796,461 |
| Other long-term investments | 606,365 | 949,060 | - | 949,060 |
| Total financial assets | 2,889,452 | 949,060 | 2,283,087 | 3,232,147 |

|  | (Unit: Thousand Baht) | | | |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | |
|  |  | Fair value through other comprehensive |  |  |
|  |  | income | Amortised cost | Total |
| **Financial assets as at 1 January 2020** |  |  |  |  |
| Cash and cash equivalents | 21,706 | - | 21,706 | 21,706 |
| Trade and other receivables | 64,262 | - | 64,262 | 64,262 |
| Long-term fixed deposit | 2,269 | - | 2,269 | 2,269 |
| Long-term loans to subsidiaries | 1,905,550 | - | 1,905,550 | 1,905,550 |
| Total financial assets | 1,993,787 | - | 1,993,787 | 1,993,787 |

**2.2 Leases**

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at 1 January 2020.

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | Separate financial statements |
| Operating lease commitments as at 31 December 2019 | 68,473 | 7,200 |
| Less: Short-term leases and leases of low-value assets | (307) | - |
| Add: Accrued rental expenses | 4,969 | 900 |
| Less: Deferred interest expenses | (7,703) | (497) |
| Increase in lease liabilities due to TFRS 16 adoption | 65,432 | 7,603 |
|  |  |  |
| Comprise of: |  |  |
| Current lease liabilities | 24,897 | 4,120 |
| Non-current lease liabilities | 40,535 | 3,483 |
|  | 65,432 | 7,603 |

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | Separate financial statements |
| Buildings and building improvement | 55,425 | 5,998 |
| Total right-of-use assets | 55,425 | 5,998 |

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Cash | 5,550 | 7,044 | 143 | 145 |
| Bank deposits | 422,368 | 625,500 | 6,625 | 21,561 |
| Total | 427,918 | 632,544 | 6,768 | 21,706 |

**4. Trade and other receivables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Trade accounts receivable |  |  |  |  |
| Trade accounts receivable - hotel operations | 175,908 | 223,108 | 8,409 | 5,326 |
| Less: Allowance for doubtful accounts | (9,036) | (9,119) | (3,498) | (3,528) |
| Trade accounts receivable - hotel operations, net | 166,872 | 213,989 | 4,911 | 1,798 |
| Trade accounts receivable - sales of property |  |  |  |  |
| - Installments due | 70,678 | 121,606 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 7) | 279,483 | 295,637 | - | - |
| Trade accounts receivable - sales of property, net | 350,161 | 417,243 | - | - |
| Trade accounts receivable - sales of holiday club |  |  |  |  |
| memberships - installments due and trade |  |  |  |  |
| account receivable from sales and marketing |  |  |  |  |
| services for holiday club memberships | 57,236 | 41,213 | - | - |
| Current portion of long-term trade |  |  |  |  |
| accounts receivable (Note 7) | 349 | 484 | - | - |
| Trade accounts receivable - sales of holiday club |  |  |  |  |
| memberships and sales and marketing services |  |  |  |  |
| for holiday club memberships, net | 57,585 | 41,697 | - | - |
| Tra­de accounts receivable - net | 574,618 | 672,929 | 4,911 | 1,798 |

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Other receivables |  |  |  |  |
| Amounts due from related parties (Note 5) | 60,557 | 51,504 | 73,748 | 29,958 |
| Other receivables | 64,201 | 56,167 | 3,562 | 3,713 |
| Insurance claim receivable | 417 | 404 | - | - |
| Accrued other income | 660 | 4,376 | 204 | 233 |
| Interest receivable | 39 | 39 | 39 | 39 |
| Accrued rental income | 37,865 | 28,521 | 37,865 | 28,521 |
| Total other receivables | 163,739 | 141,011 | 115,418 | 62,464 |
| Trade and other receivables, net | 738,357 | 813,940 | 120,329 | 64,262 |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 54,039 | 110,965 | 1,701 | 184 |
| Past due |  |  |  |  |
| Up to 30 days | 43,392 | 64,608 | 1,961 | 325 |
| 31 - 60 days | 37,183 | 17,397 | 177 | 211 |
| 61 - 90 days | 12,714 | 3,171 | 126 | 103 |
| 91 - 120 days | 10,481 | 7,658 | 48 | 56 |
| Over 120 days | 18,099 | 19,309 | 4,396 | 4,447 |
| Total | 175,908 | 223,108 | 8,409 | 5,326 |
| Less: Allowance for doubtful debts | (9,036) | (9,119) | (3,498) | (3,528) |
| Trade accounts receivable - hotel operations, net | 166,872 | 213,989 | 4,911 | 1,798 |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 309,794 | 378,626 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 12,427 | 8,689 | - | - |
| 31 - 60 days | 9,214 | 7,722 | - | - |
| 61 - 90 days | 3,782 | 5,507 | - | - |
| 91 - 120 days | 1,708 | 9,274 | - | - |
| Over 120 days | 13,236 | 7,425 | - | - |
| Trade accounts receivable - sales of property, net | 350,161 | 417,243 | - | - |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| **Age of receivables** |  |  |  |  |
| Not yet due | 2,824 | 20,633 | - | - |
| Past due |  |  |  |  |
| Up to 30 days | 3,025 | 2,248 | - | - |
| 31 - 60 days | 3,451 | 5,287 | - | - |
| 61 - 90 days | 5,164 | 2,707 | - | - |
| 91 - 120 days | 18,524 | 3,085 | - | - |
| Over 120 days | 24,248 | 7,253 | - | - |
| Trade accounts receivable - sales  of holiday club memberships - installment  due and trade accounts receivable from  sales and marketing services for holiday  club memberships, net | 57,236 | 41,213 | - | - |

5. Related party transactions

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

(Unit: Million Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | For the three-month periods ended 31 March | | | | |  |
|  | Consolidated | | Separate | | |  |
|  | financial statements | | financial statements | | |  |
|  | 2020 | 2019 | 2020 | | 2019 | Transfer pricing policy |
| Transactions with subsidiaries | | |  | |  |  |
| (eliminated from the consolidated financial statements) | | |  | |  |  |
| Guarantee fee expenses | - | - | 2 | | 1 | (3) agreed basis |
| Interest income | - | - | 27 | | 12 | (5) agreement |
| Interest expenses | - | - | 4 | | 10 | (5) agreement |
| Management fee income | - | - | 24 | | 24 | (4), (7) agreed basis |
| Reimbursement receipts | - | - | 1 | | - | (11) agreed basis |
| Reimbursement payments | - | - | 2 | | 2 | (11) agreed basis |
| Rental and service income | - | - | 1 | | 1 | (12)(iii) agreement |
| Rental and service expenses | - | - | 2 | | 2 | (12)(iv), (v) agreement |
| Resort service expenses | - | - | 4 | | 3 | (14) agreed basis |
| Dividend income | - | - | - | | 165 | As declared |
|  |  |  |  | |  |  |
| Transactions with associates |  |  |  | |  |  |
| Reimbursement receipts | 1 | 2 | - | | - | (11) agreed basis |
| Rental and service income | 4 | 6 | - | | - | (12)(iv) agreement |
|  |  |  |  | |  |  |
| Transactions with related companies | |  | |  |  |  |
| Inter resort payments | 13 | 19 | - | | - | (1) agreed basis |
| Management fee income | 2 | 1 | 1 | | 1 | (15), (16) agreement |
| Management fee expenses | 63 | 112 | - | | 6 | (6), (17) agreement |
| Purchase of spa & gallery vouchers | - | 4 | - | | 1 | (2), (8) agreed basis |
| Sale of goods | 2 | 5 | - | | - | (9) agreed basis |
| Reimbursement receipts | 8 | 14 | 1 | | 1 | (11) agreed basis |
| Reimbursement payments | 13 | 23 | - | | - | (11) agreed basis |
| Rental and service income | 6 | 7 | - | | - | (12)(i), (ii), (iv), (vi), (vii) agreement |
| Rental and service expenses | 1 | - | - | | - | (12)(vii) agreement |
| Rental return on hotel units | 1 | 1 | - | | - | (13) agreement |
| Resort service income | 1 | 1 | - | | - | (14) agreed basis |
| Training charges | 1 | 2 | - | | - | (10) agreed basis |

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

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

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

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

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

(5) Loans 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 23 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

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

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

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

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

Hotel management and technical assistance fees.

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

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

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

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

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

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

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

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

(9) These transactions relate to:

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

(ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 30% and 40% margin.

(10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.

(11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.

(12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).

(i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

Payee Payer Rental Period Expiry Date

BGL BTRS(T) 30 years November 2041

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited

(ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,172 per square metre per month.

(iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.

(iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.

(v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 120,847 and Baht 12,085 per rai per annum respectively.

(vi) Service income from rental of Banyan Tree Management Academy is at Baht 132,613 per month.

(vii) Rental of office space and service of Banyan Tree Gallery (Singapore) Pte. Limited is at SGD 3 per square feet per month.

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

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

- Water supply : at the determined price and actual usage

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

- Common area services, : based on actual cost

transportation charges

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

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

- Community service : based on actual cost

- Other services : at the determined price and actual usage

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

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

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

The Company has contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of its subsidiaries as follows:

(Unit: Million Baht)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2020 | 31 December 2019 |
| 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)

|  |  |  |
| --- | --- | --- |
|  | 31 March 2020 | 31 December 2019 |
| Short-term loan facilities | 150 | 150 |
| Long-term loan facilities | 900 | 900 |
| Overdrafts and bank guarantee facilities | 20 | 20 |

As at 31 March 2020 and 31 December 2019, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| **Amounts due from related parties** |  |  |  |  |
| Subsidiaries | - | - | 67,515 | 25,973 |
| Associated companies | 65 | 169 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 60,492 | 51,335 | 6,233 | 3,985 |
| Total amounts due from related |  |  |  |  |
| parties (Note 4) | 60,557 | 51,504 | 73,748 | 29,958 |
| **Amounts due to related parties** |  |  |  |  |
| Subsidiaries | - | - | 13,613 | 10,009 |
| Associated companies | 24 | 24 | - | - |
| Related companies (related by |  |  |  |  |
| common shareholders) | 133,625 | 150,829 | 3,066 | 3,234 |
| Total amounts due to related parties |  |  |  |  |
| (Note 15) | 133,649 | 150,853 | 16,679 | 13,243 |

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

As at 31 March 2020 and 31 December 2019, the balance of loans between the Company and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 31 December 2019 | Addition | Repayment | 31 March 2020 |
| Laguna Banyan Tree Limited | 725,000 | 90,500 | (121,000) | 694,500 |
| Laguna Holiday Club Limited | 224,000 | 2,500 | (33,500) | 193,000 |
| Laguna Lakes Limited | 300,000 | 5,000 | (3,000) | 302,000 |
| Laguna Grande Limited | 625,500 | 205,000 | (160,000) | 670,500 |
| Laguna (3) Limited | 3,000 | - | (3,000) | - |
| Banyan Tree Gallery (Thailand) Limited | 28,050 | - | - | 28,050 |
| Total | 1,905,550 | 303,000 | (320,500) | 1,888,050 |

Long-term loans from subsidiaries

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  | 31 December 2019 | Addition | Repayment | 31 March 2020 |
| Laguna (3) Limited | - | 6,000 | - | 6,000 |
| TWR - Holdings Limited | 173,000 | 257,000 | (220,000) | 210,000 |
| Total | 173,000 | 263,000 | (220,000) | 216,000 |

**Long-term loan from related company**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  | 31 December 2019 | Addition | Repayment | 31 March 2020 |
| Banyan Tree Hotels & Resorts (Thailand) Limited | 26,950 | - | - | 26,950 |
| Total | 26,950 | - | - | 26,950 |

**Directors and management’s benefits**

During the three-month periods ended 31 March 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 31 March | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Short-term employee benefits | 21,985 | 24,338 | 8,550 | 12,572 |
| Post-employment benefits | 757 | 759 | 346 | 366 |
| Other long-term employee benefits | 8 | 8 | 4 | 4 |
| Total | 22,750 | 25,105 | 8,900 | 12,942 |

6. Property development cost

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| Property for sale under holiday club memberships | 227,517 | 229,062 | - | - |
| Completed buildings | 487,345 | 532,081 | - | - |
| Land | 1,922,475 | 1,924,053 | 111,429 | 111,429 |
| Property under construction | 1,686,481 | 1,453,202 | - | - |
| Total | 4,323,818 | 4,138,398 | 111,429 | 111,429 |

Subsidiaries have mortgaged property development cost amounting to Baht 1,468 million (31 December 2019: Baht 1,288 million) as collateral against its credit facilities received from financial institutions.

7. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

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

7.2 Installments receivable from sales of holiday club memberships which bear interest at rates of 9.0% 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 | |
|  | 31 March 2020 | 31 December 2019 |
| Current portion of long-term trade |  |  |
| accounts receivable | 279,832 | 296,121 |
| Long-term trade accounts receivable | 723,775 | 796,461 |
| Total | 1,003,607 | 1,092,582 |
| Sales of property |  |  |
| Within 1 year (Note 4) | 279,483 | 295,637 |
| Over 1 year to 5 years | 723,736 | 796,385 |
| Long-term trade accounts receivable - |  |  |
| sales of property | 1,003,219 | 1,092,022 |
| Sales of holiday club memberships |  |  |
| Within 1 year (Note 4) | 349 | 484 |
| Over 1 year to 5 years | 39 | 76 |
| Long-term trade accounts receivable - |  |  |
| sales of holiday club memberships | 388 | 560 |
| Total | 1,003,607 | 1,092,582 |

8. Investments in subsidiaries

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Company’s name | Paid-up capital | | | Shareholding percentage | | | | Cost | | | |
|  | 31 March | 31 December | | 31 March | | 31 December | | 31 March | | 31 December | |
|  | 2020 | 2019 | | 2020 | | 2019 | | 2020 | | 2019 | |
|  | Million | Million | | % | | % | | Million | | Million | |
|  | Baht | Baht | |  | |  | | Baht | | Baht | |
| **Subsidiaries held by the Company** | | |  | |  | |  | |  | |  | |
| Banyan Tree Gallery (Singapore) Pte. Limited | SGD 0.43 | SGD 0.43 | | 51.0 | | 51.0 | | 4.0 | | 4.0 | |
|  | Million | Million | |  | |  | |  | |  | |
| Banyan Tree Gallery (Thailand) Limited | 7.8 | 7.8 | | 51.0 | | 51.0 | | 4.0 | | 4.0 | |
| Laguna Banyan Tree Limited(1) | 1,500.0 | 1,500.0 | | 100.0 | | 100.0 | | 1,325.1 | | 1,325.1 | |
| Laguna Holiday Club Limited | 330.0 | 330.0 | | 100.0 | | 100.0 | | 330.0 | | 330.0 | |
| Laguna Grande Limited(2) | 1,000.0 | 1,000.0 | | 100.0 | | 100.0 | | 958.5 | | 958.5 | |
| Laguna Lakes Limited | 1.0 | 1.0 | | 95.0 | | 95.0 | | 0.9 | | 0.9 | |
| Laguna Service Company Limited(3) | 90.5 | 90.5 | | 72.9 | | 72.9 | | 22.4 | | 22.4 | |
| Laguna (3) Limited | 0.1 | 0.1 | | 100.0 | | 100.0 | | 47.8 | | 47.8 | |
| TWR - Holdings Limited | 1,550.0 | 1,550.0 | | 100.0 | | 100.0 | | 1,550.0 | | 1,550.0 | |
| **Subsidiaries held through TWR - Holdings Limited** | | |  | |  | |  | |  | |  | |  |
| Laguna Excursions Limited | 8.0 | 8.0 | | 49.0 | | 49.0 | | - | | - | |
| Laguna Village Limited | 6.0 | 6.0 | | 100.0 | | 100.0 | | - | | - | |
| Mae Chan Property Company Limited | 232.3 | 232.3 | | 100.0 | | 100.0 | | - | | - | |
| Pai Samart Development Company Limited | 28.4 | 28.4 | | 100.0 | | 100.0 | | - | | - | |
| Phuket Grande Resort Limited | 100.0 | 100.0 | | 100.0 | | 100.0 | | - | | - | |
| PT AVC Indonesia | USD 7.0  Million | USD 7.0  Million | | 100.0 | | 100.0 | | - | | - | |
| Talang Development Company Limited | 251.0 | 251.0 | | 50.0 | | 50.0 | | - | | - | |
| Thai Wah Plaza Limited | 2,250.0 | 2,250.0 | | 100.0 | | 100.0 | | - | | - | |
| Thai Wah Tower Company Limited | 455.0 | 455.0 | | 100.0 | | 100.0 | | - | | - | |
| Thai Wah Tower (2) Company Limited | 21.0 | 21.0 | | 100.0 | | 100.0 | | - | | - | |
| Twin Waters Limited | 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 | 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.

During the three-month periods ended 31 March 2020 and 2019, the Company received dividend income from its subsidiaries as detailed below.

(Unit: Thousand Baht)

|  | For the three-month periods  ended 31 March | |
| --- | --- | --- |
|  | Separate financial statements | |
| Company's name | 2020 | 2019 |
| Laguna (3) Limited | - | 32,884 |
| TWR - Holdings Limited | - | 131,750 |
| Total | - | 164,634 |

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

**9. Investments in associates**

9.1 Details of associates

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Consolidated financial statements | | | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
|  |  |  | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December |
|  |  |  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  | (%) | (%) |  |  |  |  |
| Tropical Resorts Ltd. | Holding company | Hong Kong | 26 | 26 | 17,673 | 17,673 | - | - |
| Less: Allowance for impairment of investment | |  |  |  | (17,673) | (17,673) | - | - |
|  |  |  |  |  | - | - | - | - |
| Banyan Tree China Pte. Ltd. | Holding company | Singapore | 10.69 | 10.69 | 173,495 | 173,495 | 222,531 | 222,014 |
| Thai Wah Public Company Limited | Manufacture and distribution of vermicelli, tapioca starch and other | Thailand | 10.03 | 10.03 | 777,454 | 777,454 | 765,508 | 759,168 |
|  | food products |  |  |  |  |  |  |  |
| Total investments in associates - net | | |  |  | 950,949 | 950,949 | 988,039 | 981,182 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Separate financial statements | | | |
| Company’s name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | |
|  |  |  | 31 March | 31 December | 31 March | 31 December |
|  |  |  | 2020 | 2019 | 2020 | 2019 |
|  |  |  | (%) | (%) |  |  |
| Thai Wah Public Company Limited | Manufacture and distribution of vermicelli, tapioca starch and other food products | Thailand | 10.03 | 10.03 | 777,454 | 777,454 |
| Total |  |  |  |  | 777,454 | 777,454 |

As at 31 March 2020 and 31 December 2019, the Company has pledged the 10 million ordinary shares of Thai Wah Public Company Limited with a bank to secure a long-term loan of the Company.

9.2   Share of comprehensive income (loss)

        During the three-month periods ended 31 March 2020 and 2019, the Company and its subsidiary have recognised its share of profit (loss) from investments in associate companies in the consolidated financial statements as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
| Company's name | Share of profit from investments in associates | | Share of other comprehensive income (loss) from investments in associates | |
|  | For the three-month periods ended  31 March | | For the three-month periods ended  31 March | |
|  | 2020 | 2019 | 2020 | 2019 |
| Banyan Tree China Pte. Ltd. | 517 | 596 | - | - |
| Thai Wah Public Company Limited | 6,754 | 9,511 | (413) | 2,752 |
| Total | 7,271 | 10,107 | (413) | 2,752 |

9.3 Fair value of investments in a listed associate

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

|  |  |  |
| --- | --- | --- |
|  | (Unit: Million Baht) | |
| Associate | Fair values as at | |
|  | 31 March 2020 | 31 December 2019 |
| Thai Wah Public Company Limited | 247 | 369 |

10. Other non-current financial assets/other long-term investments

| (Unit: Thousand Baht) | | |
| --- | --- | --- |
|  | Consolidated financial statements | |
|  | 31 March | 31 December |
|  | 2020 | 2019 |
| **Investments in other companies** |  |  |
| Bibace Investments Ltd. | 564,998 | 188,425 |
| Banyan Tree Indochina Hospitality Fund, L.P. | 384,062 | 417,940 |
| **Total other non-current financial assets** | 949,060 | 606,365 |

The Group has elected to measure these equity securities at fair value through other comprehensive income due to the Group’s intention to hold these equity instruments for long-term appreciation.

11. Investment properties

As at 31 March 2020, the subsidiaries have pledged investment properties amounting to approximately Baht 837 million (31 December 2019: Baht 837 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation.

12. Property, plant and equipment

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated | Separate |
|  | financial statements | financial statements |
| **At cost / revaluation value** |  |  |
| Balance as at 31 December 2019 | 18,593,811 | 136,950 |
| Additions | 61,539 | 114 |
| Disposals and write off | (438,568) | (8) |
| Adjustments | 3,063 | - |
| Balance as at 31 March 2020 | 18,219,845 | 137,056 |
| **Accumulated depreciation** |  |  |
| Balance as at 31 December 2019 | (5,400,198) | (91,484) |
| Depreciation charged for the period | (112,773) | (2,296) |
| Disposals and write off | 438,481 | 8 |
| Adjustments | (3,027) | - |
| Balance as at 31 March 2020 | (5,077,517) | (93,772) |
| **Allowance for impairment loss** |  |  |
| Balance as at 31 December 2019 | (15,741) | (2,920) |
| Balance as at 31 March 2020 | (15,741) | (2,920) |
| **Net book value** |  |  |
| Balance as at 31 December 2019 | 13,177,872 | 42,546 |
| Balance as at 31 March 2020 | 13,126,587 | 40,364 |

The Group 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.

The subsidiaries have mortgaged land and buildings at fair value of Baht 9,202 million (31 December 2019: Baht 9,135 million) as collateral against credit facilities received from financial institutions.

**13. Right-of-use assets**

Movements of the right-of-use assets account during the three-month period ended 31 March 2020 are summarised below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | | Consolidated financial statements | Separate financial statements |
| **Net book value as at 31 December 2019** | | - | - |
| Adjustments of right-of-use assets due to TFRS16 adoption | | 55,425 | 5,998 |
| Net book value as at 1 January 2020 | | 55,425 | 5,998 |
| Depreciation for the period | | (4,460) | (736) |
| Translation adjustment of right-of-use assets | | 93 | - |
| **Net book value as at 31 March 2020** | | 51,058 | 5,262 |

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

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months. Short-term loans from financial institutions carry interest rate of 2.40% - 3.35% per annum (31 December 2019: 2.40% - 6.00%).

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

**15. Trade and other payables**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| Trade accounts payable | 270,307 | 433,703 | 983 | 2,046 |
| Accrued construction | 17,830 | 18,122 | - | - |
| Amounts due to related parties (Note 5) | 133,649 | 150,853 | 16,679 | 13,243 |
| Accrued expenses | 178,857 | 225,314 | 14,287 | 16,220 |
| Other payables | 259,523 | 231,371 | 412 | 263 |
| Service charge payable to hotel staffs | 11,431 | 36,783 | - | - |
| Accrued rental to villa owners | 96,033 | 92,014 | 7,655 | 6,834 |
| Total | 967,630 | 1,188,160 | 40,016 | 38,606 |

**16. Lease liabilities**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 31 March 2020 | 31 December 2019 | 31 March 2020 | 31 December 2019 |
| Lease liabilities | 69,792 | - | 7,165 | - |
| Less: Deferred interest expense | (5,632) | - | (362) | - |
| Total | 64,160 | - | 6,803 | - |
| Less: Current portion | (28,570) | - | (4,217) | - |
| Lease liabilities - net of current portion | 35,590 | - | 2,586 | - |

The Group has entered into the lease agreements to lease villa or hotel units for use in their hotel operation. The terms of the agreements are generally between 2 to 6 years.

Future minimum lease payments required under the lease agreements were as follows:

(Unit: Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated financial statement | | |
|  | 31 March 2020 | | |
|  | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 31,138 | 38,654 | 69,792 |
| Deferred interest expenses | (2,568) | (3,064) | (5,632) |
| Present value of future minimum lease payments | 28,570 | 35,590 | 64,160 |

(Unit: Thousand Baht)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Separate financial statement | | |
|  | 31 March 2020 | | |
|  | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 4,500 | 2,665 | 7,165 |
| Deferred interest expenses | (283) | (79) | (362) |
| Present value of future minimum lease payments | 4,217 | 2,586 | 6,803 |

**17. Other current liabilities**

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| Value added tax payable | 52,647 | 65,185 | 10,039 | 3,173 |
| Unearned income | 57,318 | 33,467 | - | - |
| Other tax payable | 144,515 | 153,653 | 1,990 | 21,052 |
| Short-term provisions | - | 9,018 | - | - |
| Total | 254,480 | 261,323 | 12,029 | 24,225 |

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

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| Secured | 4,771,061 | 4,858,327 | 1,355,003 | 1,363,809 |
| Long-term loans are repayable as follows: |  |  |  |  |
| Within 1 year | 427,250 | 899,235 | 37,000 | 37,000 |
| Over 1 year to 5 years | 2,147,191 | 2,137,962 | 379,003 | 565,250 |
| Over 5 years | 2,196,620 | 1,821,130 | 939,000 | 761,559 |
|  | 4,343,811 | 3,959,092 | 1,318,003 | 1,326,809 |
| Total | 4,771,061 | 4,858,327 | 1,355,003 | 1,363,809 |

Movements in the long-term loans account during the three-month period ended 31 March 2020 are summarised below:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated | Separate |
|  | financial statements | financial statements |
| Balance as at 31 December 2019 | 4,858,327 | 1,363,809 |
| Add: Drawdown | 159,259 | - |
| Less: Repayments | (246,525) | (8,806) |
| Balance as at 31 March 2020 | 4,771,061 | 1,355,003 |

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

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

As at 31 March 2020, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounting to Baht 1,942 million (31 December 2019: Baht 936 million).

During the current period, 2 subsidiaries received relief measure from a financial institution for a 1-year grace period on principal repayment of 3 loan agreements. The principal repayment which is postponed during the grace period amounting Baht 128 million.

**19. Revenue from contracts with customers**

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 31 March | | | | |
|  | Consolidated financial statements | | Separate financial statements | | |
|  | 2020 | 2019 | 2020 | 2019 | |
|  |  |  |  |  | |
| **Revenue from contract with customers:** |  |  |  |  | |
| Revenue from hotel operations | 886,964 | 1,134,275 | 14,011 | 20,053 | |
| Revenue from property development operations | 121,088 | 145,837 | - | 103 | |
| Revenue from office rental operations - service income | 2,583 | 7,136 | 680 | 733 | |
| Management fee income | 1,098 | 630 | 23,711 | 24,690 | |
| Total revenue from contract with customers | 1,011,733 | 1,287,878 | 38,402 | 45,579 | |
| Revenue from office rental operations - rental income | 12,261 | 18,801 | 4,972 | 4,874 | |
| Interest income | 14,351 | 11,732 | 26,816 | 11,621 | |
| Dividend income | - | - | - | 164,634 | |
| Other | 2,636 | 2,712 | 209 | 494 | |
| Total revenue | 1,040,981 | 1,321,123 | 70,399 | 227,202 | |
|  |  |  |  |  | |
| **Timing of revenue recognition:** |  |  |  |  | |
| Revenue recognised at a point in time | 979,271 | 1,245,905 | 14,011 | 20,156 | |
| Revenue recognised over time | 32,462 | 41,973 | 24,391 | 25,423 | |
| Total revenue from contracts with customers | 1,011,733 | 1,287,878 | 38,402 | 45,579 | |

**20. Other income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | For the three-month periods ended 31 March | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Dividend income | - | - | - | 164,634 |
| Management fee income | 1,098 | 630 | 23,711 | 24,690 |
| Other | 2,636 | 2,712 | 209 | 494 |
| Total | 3,734 | 3,342 | 23,920 | 189,818 |

**21. Income tax**

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

Income tax expenses for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | For the three-month periods ended 31 March | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| **Current income tax:** |  |  |  |  |
| Interim corporate income tax charge | 10,906 | 54,106 | - | - |
| Adjustment in respect of income tax of previous year | (30) | 233 | - | - |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | (2,031) | 681 | 426 | (921) |
| **Income tax expense reported in the income statement** | 8,845 | 55,020 | 426 | (921) |

**22. Earnings per share**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | For the three-month periods ended 31 March | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Profit attributable to equity holders of the Company (Thousand Baht) | 559 | 82,841 | 493 | 159,428 |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Earnings per share (Baht/share) | 0.003 | 0.50 | 0.003 | 0.96 |

23. Commitments

Capital commitment

As at 31 March 2020, the Group has capital commitments as follows:

a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 110 million (31 December 2019: Baht 119 million).

b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 1,691 million (31 December 2019: Baht 1,396 million).

Operating agreements

As at 31 March 2020, the Group has operating agreements as follows:

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company | Business unit | Operator | Contract period | Fees |
| Bangtao Grande Limited | Angsana Laguna Phuket | Banyan Tree Hotels & | 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) |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company | Business unit | Operator | Contract period | Fees |
| Phuket Grande Resort Limited | Cassia Phuket | Banyan Tree Hotels &  Resorts Pte. Limited | 20.10.2015 - 19.10.2040 | - Royalty fee: 2% of total revenue |
|  |  | Banyan Tree Hotels & Resorts (Thailand) Limited | 20.10.2015 - 19.10.2040  (c) | - Management fee: 7.5% of gross operating profit |
| Banyan Tree Gallery (Singapore) Pte. Limited | Gallery | Banyan Tree Hotels & Resorts Pte. Limited | 1.1.2009 onwards | - Royalty fee: 1% of total revenue |
| Banyan Tree Gallery (Thailand) Limited | Gallery | Banyan Tree Hotels & Resorts Pte. Limited | 1.1.2009 onwards | - Royalty fee: 1% of total revenue |

(a) Operator has option to extend for 1 additional period of 10 years.

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Either party may extend the contract period for another 20 years with indefinite number of extension.

b) The Group has commitments in respect of cash rewards options for villa/unit rental scheme agreements. The cash reward options are included fixed return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 2 - 6 years.

As at 31 March 2020 and 31 December 2019, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated | | Separate | |
|  | financial statements | | financial statements | |
|  | 31 March | 31 December | 31 March | 31 December |
|  | 2020 | 2019 | 2020 | 2019 |
| Payable within: |  |  |  |  |
| In up to 1 year | - | 23 | - | 4 |
| In over 1 and up to 5 years | - | 46 | - | 4 |

As at 31 March 2020, the Group had no fixed return obligations under cash rewards options for villa/unit rental scheme agreements as a result of the adoption of the TFRS 16 as at 1 January 2020. The Group recognised the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate, as described in Note 2 to the interim consolidated financial statements.

Servitude over land

As at 31 March 2020, some subsidiaries have land servitude of approximately 11 rai (31 December 2019: 11 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

24. Guarantees

As at 31 March 2020, there were bank guarantees amounting to Baht 51 million (Separate financial statements: 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 (31 December 2019: Baht 50 million, Separate financial statements: Baht 0.4 million).

**25. Segment information**

The Group is organised into business units based on its products and services. During the current period, the Group has not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Group segments for the three-month periods ended 31 March 2020 and 2019, respectively.

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | For the three-month period ended 31 March 2020 | | | | |
|  | Hotel | Property | Office |  |  |
|  | Business | Development | Rental | Head Office | Total |
| Revenue:  Segment revenue |  |  |  |  |  |
| Total revenues | 936 | 125 | 18 | - | 1,079 |
| Intersegment revenues | (49) | (4) | (3) | - | (56) |
| Revenue from external customers | 887 | 121 | 15 | - | 1,023 |
| Results: |  |  |  |  |  |
| Segment results | 75 | (7) | 2 | (21) | 49 |
| Unallocated income |  |  |  |  | 4 |
| Profit from operations and other income |  |  |  |  | 53 |
| Interest income | - | 14 | - | - | 14 |
| Finance cost | (28) | (11) | - | (21) | (60) |
| Share of profit from investments in associates |  |  |  |  | 7 |
| Profit before income tax expenses |  |  |  |  | 14 |
| Income tax expenses | (18) | 1 | (1) | 9 | (9) |
| Profit for the period |  |  |  |  | 5 |

(Unit: Million Baht)

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

**26. Financial instruments**

**26.1 Fair value of financial instruments**

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

a) 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.

b) 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.

**26.2 Fair value hierarchy**

As at 31 March 2020, the Group had the financial assets that were measured at fair value by using adjusted net book value method, using different levels of inputs as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Consolidated financial statements | | | |
|  | 31 March 2020 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** |  |  |  |  |
| Other non-current financial assets | - | - | 949 | 949 |

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

The outstanding balances of the Group financial assets and liabilities denominated in foreign currency are as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | Separate financial statements | | | |  | |
|  | Financial assets as at | | Financial liabilities as at | | Financial assets as at | | Financial liabilities as at | | Average exchange rate as at | |
| Foreign | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December | 31 March | 31 December |
| currency | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US Dollar | 1 | 2 | - | - | - | - | - | - | 32.6278 | 31.7681 |

**28. Litigation**

28.1 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 March 2020, the subsidiary set aside a provision of Baht 17 million for liabilities arising as a result of this case (31 December 2019: Baht 17 million).

28.2 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 March 2020, the subsidiaries set aside a provision of Baht 1.7 million for liabilities arising as a result of this case (31 December 2019: Baht 1.7 million).

28.3 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.

**29. Events after the reporting period**

29.1 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 at the rate of Baht 0.43 per share, totaling Baht 71.67 million.

During the Annual General Meeting of the Company’s shareholders on 27 April 2020, Banyan Tree Assets (Thailand) Company Limited, major shareholder holding 48.25% of the shares issued and paid-up of the Company, requested for the dividend payment of Baht 3.00 per share, totaling Baht 500.05 million.

The Company explained to the shareholders’ queries during the meeting that the dividend would be paid from the Company’s cash flow, e.g., cash in hand, forecasts cash inflow from installment payments from property sales in 2020, existing short-term loans and overdraft facilities, drawdown loans for construction/renovation work done and paid in the past and loan facilities for construction/renovation work to be done in 2020. In addition, the Company has implemented a host of substantial cost cutting measures which would help to conserve cash for the Company. Thus, this dividend payment is not expected to adversely impact the liquidity of the Company barring any unforeseen circumstances.

The Company added that the decision of a Baht 3.00 per share dividend payment is entirely up to shareholders to decide and vote. Subsequently, the proposal was put to a vote and approved by shareholders.

29.2 In April 2020, a subsidiary received relief measure from a financial institution for a 1-year grace period on principal repayment of 3 loan agreements. The principal repayment which is postponed during the grace period amounting to Baht 147 million.

**30. Approval of interim financial information**

This interim financial information was authorised for issue by the Company’s Board of Directors on 12 May 2020.