

Laguna Resorts & Hotels Public Company Limited  
and its subsidiaries  
Review report and interim consolidated financial statements  
For the three-month and nine-month periods ended  
30 September 2015



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## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries as at 30 September 2015, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2015, and the related consolidated statements of the changes in shareholders' equity, and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Laguna Resorts & Hotels Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.



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## Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

A handwritten signature in black ink, appearing to read 'Rosam D', is located below the conclusion text.

Rosaporn Decharkom  
Certified Public Accountant (Thailand) No. 5659

EY Office Limited  
Bangkok: 15 November 2015

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2015 (Unaudited but reviewed)	31 December 2014 (Audited)	30 September 2015 (Unaudited but reviewed)	31 December 2014 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	430,276	444,633	15,768	17,675
Current investment - short-term fixed deposit		10,661	10,588	-	-
Trade and other receivables	4	451,707	549,723	183,550	203,899
Inventories		124,474	107,779	-	-
Property development cost	6	4,627,857	3,888,709	185,502	193,267
Other current assets		225,525	178,919	28,904	23,538
<b>Total current assets</b>		<b>5,870,500</b>	<b>5,180,351</b>	<b>413,724</b>	<b>438,379</b>
<b>Non-current assets</b>					
Restricted deposits at financial institution		41	41	-	-
Long-term fixed deposit		2,000	2,000	2,000	2,000
Long-term trade accounts receivable	7	254,410	165,044	-	-
Investments in subsidiaries	8	-	-	4,269,026	3,479,025
Investments in associates	9	418,205	409,465	-	-
Other long-term investments	10	1,053,504	1,008,790	447,139	402,425
Long-term loans to subsidiaries	5	-	-	885,801	2,257,021
Investment properties	11	1,111,346	1,112,276	188,795	181,225
Property, plant and equipment	12	10,328,712	10,244,888	54,756	49,796
Deferred tax assets		125,577	95,534	-	-
Goodwill		407,904	407,904	-	-
Leasehold rights		17,934	19,448	-	-
Other non-current assets		69,719	68,357	1,344	1,335
<b>Total non-current assets</b>		<b>13,789,352</b>	<b>13,533,747</b>	<b>5,848,861</b>	<b>6,372,827</b>
<b>Total assets</b>		<b>19,659,852</b>	<b>18,714,098</b>	<b>6,262,585</b>	<b>6,811,206</b>

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2015 (Unaudited but reviewed)	31 December 2014 (Audited)	30 September 2015 (Unaudited but reviewed)	31 December 2014 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	13	904,452	710,000	410,000	360,000
Trade and other payables	14	725,339	687,573	36,430	24,926
Current portion of long-term loans from financial institutions					
	16	481,437	657,750	52,500	70,000
Income tax payable		22,018	23,787	-	-
Advance received from customers		1,212,601	1,017,212	189	715
Other current liabilities	15	109,191	122,060	8,944	9,959
<b>Total current liabilities</b>		<b>3,455,038</b>	<b>3,218,382</b>	<b>508,063</b>	<b>465,600</b>
<b>Non-current liabilities</b>					
Long-term loans from subsidiaries	5	-	-	202,380	765,850
Long-term loans from financial institutions					
- net of current portion	16	2,561,289	1,819,576	-	35,000
Provision for long-term employee benefits		53,160	52,622	9,400	10,022
Long-term provision - provision for legal case	25	40,021	39,337	-	-
Deferred tax liabilities		2,099,921	2,091,590	198,344	196,847
Other non-current liabilities		96,213	84,960	5,695	5,881
<b>Total non-current liabilities</b>		<b>4,850,604</b>	<b>4,088,085</b>	<b>415,819</b>	<b>1,013,600</b>
<b>Total liabilities</b>		<b>8,305,642</b>	<b>7,306,467</b>	<b>923,882</b>	<b>1,479,200</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
211,675,358 ordinary shares of Baht 10 each		2,116,754	2,116,754	2,116,754	2,116,754
Issued and fully paid-up					
166,682,701 ordinary shares of Baht 10 each		1,666,827	1,666,827	1,666,827	1,666,827
Share premium		2,062,461	2,062,461	2,062,461	2,062,461
Capital reserve		568,131	568,131	-	-
Retained earnings					
Appropriated - statutory reserve		211,675	211,675	211,675	211,675
Unappropriated		2,353,621	2,482,806	927,972	957,046
Other components of shareholders' equity		4,208,285	4,134,100	469,768	433,997
Equity attributable to owner of the Company		11,071,000	11,126,000	5,338,703	5,332,006
Equity attributable to non-controlling interests of the subsidiaries		283,210	281,631	-	-
<b>Total shareholders' equity</b>		<b>11,354,210</b>	<b>11,407,631</b>	<b>5,338,703</b>	<b>5,332,006</b>
<b>Total liabilities and shareholders' equity</b>		<b>19,659,852</b>	<b>18,714,098</b>	<b>6,262,585</b>	<b>6,811,206</b>

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

Directors

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Income statement

For the three-month period ended 30 September 2015

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Revenue</b>					
Revenue from hotel operations		580,531	587,154	3,048	5,117
Revenue from property development operations		494,538	185,363	10,119	146
Revenue from office rental operations		19,548	22,107	5,792	9,655
Interest income		4,137	4,914	10,586	36,474
Other income		3,443	4,794	16,643	42,296
<b>Total revenue</b>		<b>1,102,197</b>	<b>804,332</b>	<b>46,188</b>	<b>93,688</b>
<b>Expenses</b>					
Cost of hotel operations		388,843	399,657	4,663	6,579
Cost of property development operations		335,193	86,918	7,782	104
Cost of office rental operations		10,615	8,365	1,774	1,804
Selling expenses		79,529	88,205	644	108
Administrative expenses		332,649	298,488	39,701	41,681
<b>Total expenses</b>		<b>1,146,829</b>	<b>881,633</b>	<b>54,564</b>	<b>50,276</b>
<b>Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax expenses</b>		<b>(44,632)</b>	<b>(77,301)</b>	<b>(8,376)</b>	<b>43,412</b>
Share of profit (loss) from investment in associate	9	(1,511)	508	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>(46,143)</b>	<b>(76,793)</b>	<b>(8,376)</b>	<b>43,412</b>
Finance cost		(41,625)	(40,637)	(6,017)	(16,598)
<b>Profit (loss) before income tax expenses</b>		<b>(87,768)</b>	<b>(117,430)</b>	<b>(14,393)</b>	<b>26,814</b>
Income tax expenses	17	1,244	11,404	2,523	1,725
<b>Profit (loss) for the period</b>		<b>(86,524)</b>	<b>(106,026)</b>	<b>(11,870)</b>	<b>28,539</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(88,194)	(105,686)	(11,870)	28,539
Non-controlling interests of the subsidiaries		1,670	(340)		
		<b>(86,524)</b>	<b>(106,026)</b>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	18	(0.53)	(0.63)	(0.07)	0.17

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Profit (loss) for the period	(86,524)	(106,026)	(11,870)	28,539
Other comprehensive income (loss):				
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods:				
Exchange differences on translation of				
financial statements in foreign currency	24,004	2,475	-	-
Unrealised loss on available-for-sales security,				
net of income tax	(7,665)	(35,771)	(7,665)	(35,771)
Other comprehensive income (loss) for the period	16,339	(33,296)	(7,665)	(35,771)
Total comprehensive income (loss) for the period	(70,185)	(139,322)	(19,535)	(7,232)
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	(72,724)	(138,363)	(19,535)	(7,232)
Non-controlling interests of the subsidiaries	2,539	(959)		
	(70,185)	(139,322)		

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

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Income statement

For the nine-month period ended 30 September 2015

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Revenue</b>					
Revenue from hotel operations		2,235,142	2,201,740	26,384	34,045
Revenue from property development operations		870,782	485,480	10,447	75,984
Revenue from office rental operations		65,459	68,061	25,225	29,788
Interest income		13,410	15,539	46,998	101,931
Other income		75,481	38,633	61,734	82,508
<b>Total revenue</b>		<b>3,260,274</b>	<b>2,809,453</b>	<b>170,788</b>	<b>324,256</b>
<b>Expenses</b>					
Cost of hotel operations		1,304,789	1,296,718	20,771	26,221
Cost of property development operations		549,230	230,907	7,782	45,471
Cost of office rental operations		33,358	34,803	5,392	5,402
Selling expenses		252,606	296,987	1,031	6,215
Administrative expenses		1,047,216	987,065	127,898	122,509
Reversal of loss on impairment of investment		-	(89,339)	-	-
<b>Total expenses</b>		<b>3,187,199</b>	<b>2,757,141</b>	<b>162,874</b>	<b>205,818</b>
<b>Profit before share of loss from investment in associate, finance cost and income tax expenses</b>					
Share of loss from investment in associate	9	(23,755)	(18,572)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>49,320</b>	<b>33,740</b>	<b>7,914</b>	<b>118,438</b>
Finance cost		(122,497)	(121,538)	(23,598)	(45,048)
<b>Profit (loss) before income tax expenses</b>		<b>(73,177)</b>	<b>(87,798)</b>	<b>(15,684)</b>	<b>73,390</b>
Income tax expenses	17	(34,645)	18,278	7,445	(5,042)
<b>Profit (loss) for the period</b>		<b>(107,822)</b>	<b>(69,520)</b>	<b>(8,239)</b>	<b>68,348</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(108,350)	(66,909)	(8,239)	68,348
Non-controlling interests of the subsidiaries		528	(2,611)		
		<b>(107,822)</b>	<b>(69,520)</b>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	18	(0.65)	(0.40)	(0.05)	0.41

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



(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Profit (loss) for the period	(107,822)	(69,520)	(8,239)	68,348
Other comprehensive income (loss):				
Other comprehensive income to be reclassified				
to profit or loss in subsequent periods:				
Exchange differences on translation of				
financial statements in foreign currency	39,465	(14,675)	-	-
Unrealised gain on available-for-sales security,				
net of income tax	35,771	82,345	35,771	153,816
Other comprehensive income (loss) for the period	75,236	67,670	35,771	153,816
Total comprehensive income (loss) for the period	(32,586)	(1,850)	27,532	222,164
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	(34,165)	1,461	27,532	222,164
Non-controlling interests of the subsidiaries	1,579	(3,311)		
	(32,586)	(1,850)		

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the nine-month period ended 30 September 2015

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to the owners of the Company												
Other components of shareholders' equity												
Other comprehensive income												
	Issued and fully paid-up share capital	Share premium	Capital reserve	Retained earnings - Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 1 January 2014	1,666,827	2,062,461	568,131	211,675	2,521,329	156,675	3,935,218	-	4,091,793	11,122,216	279,777	11,401,993
Loss for the period	-	-	-	-	(66,909)	-	-	-	-	(66,909)	(2,611)	(69,520)
Other comprehensive income (loss) for the period	-	-	-	-	-	(13,975)	-	82,345	68,370	68,370	(700)	67,670
Total comprehensive income (loss) for the period	-	-	-	-	(66,909)	(13,975)	-	82,345	68,370	1,461	(3,311)	(1,850)
Dividend paid (Note 19)	-	-	-	-	(56,663)	-	-	-	-	(56,663)	-	(56,663)
Balance as at 30 September 2014	1,666,827	2,062,461	568,131	211,675	2,357,757	142,600	3,935,218	82,345	4,160,163	11,067,014	276,466	11,343,480
Balance as at 1 January 2015	1,666,827	2,062,461	568,131	211,675	2,482,806	144,643	3,935,218	54,239	4,134,100	11,126,000	281,631	11,407,631
Profit (loss) for the period	-	-	-	-	(108,350)	-	-	-	-	(108,350)	528	(107,822)
Other comprehensive income (loss) for the period	-	-	-	-	-	38,414	-	35,771	74,185	74,185	1,051	75,236
Total comprehensive income (loss) for the period	-	-	-	-	(108,350)	38,414	-	35,771	74,185	(34,165)	1,579	(32,586)
Dividend paid (Note 19)	-	-	-	-	(20,835)	-	-	-	-	(20,835)	-	(20,835)
Balance as at 30 September 2015	1,666,827	2,062,461	568,131	211,675	2,333,821	183,057	3,935,218	90,010	4,208,285	11,071,000	283,210	11,354,210

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2015

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and fully paid-up share capital	Retained earnings			Other components of shareholders' equity			Total other components of shareholders' equity		
		Share premium	Appropriated - Statutory reserve	Unappropriated	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Revaluation surplus on assets	Unrealised gain on available-for-sales security
Balance as at 1 January 2014	2,062,461	211,675	926,196	136,986	171,301	136,986	171,301	308,267	5,175,446	
Profit for the period	-	-	68,348	-	-	-	-	-	68,348	
Other comprehensive income (loss) for the period	-	-	-	-	153,816	-	153,816	153,816	153,816	
Total comprehensive income (loss) for the period	-	-	68,348	-	153,816	-	153,816	153,816	222,164	
Dividend paid (Note 19)	-	-	(56,663)	-	-	-	-	-	(56,663)	
Balance as at 30 September 2014	2,062,461	211,675	937,881	136,986	325,117	136,986	325,117	462,103	5,340,947	
Balance as at 1 January 2015	2,062,461	211,675	957,046	136,986	297,011	136,986	297,011	433,997	5,332,006	
Loss for the period	-	-	(8,239)	-	-	-	-	-	(8,239)	
Other comprehensive income (loss) for the period	-	-	-	-	35,771	-	35,771	35,771	35,771	
Total comprehensive income (loss) for the period	-	-	(8,239)	-	35,771	-	35,771	35,771	27,532	
Dividend paid (Note 19)	-	-	(20,835)	-	-	-	-	-	(20,835)	
Balance as at 30 September 2015	2,062,461	211,675	927,972	136,986	332,782	136,986	332,782	459,768	5,338,703	

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

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Cash flow statement

For the nine-month period ended 30 September 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	(73,177)	(87,798)	(15,684)	73,390
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	233,314	218,929	3,400	3,467
Amortisation of leasehold rights	1,932	1,999	-	-
Allowance for doubtful accounts	14,921	2,118	-	-
Reduction of inventory to net realisable value (reversal)	292	(1,063)	-	-
Share of loss from investment in associate	23,755	18,572	-	-
Gain on sale of property, plant and equipment	(217)	(319)	(4)	(7)
Write off property, plant and equipment	520	771	-	1
Dividend income from other long-term investment	(25,551)	(25,551)	(25,551)	(25,551)
Provision for long-term employee benefits (reversal)	5,928	5,746	720	(1,616)
Reversal of loss on impairment of investment	-	(89,339)	-	-
Provision for loss on compensation claim	1,368	38,918	-	-
Forfeited money from property unit	(13,494)	-	-	-
Loss (gain) on change in fair value of investment properties	3,033	-	(7,570)	-
Interest income	(13,410)	(15,539)	(46,998)	(101,931)
Interest expenses	122,497	121,538	23,598	45,048
<b>Profit (loss) from operating activities before changes in operating assets and liabilities</b>	<b>281,711</b>	<b>188,982</b>	<b>(68,089)</b>	<b>(7,199)</b>
Operating assets (increase) decrease				
Trade and other receivables	80,765	166,405	13,487	9,086
Inventories	(16,987)	1,611	-	-
Property development cost	(734,961)	(264,013)	7,765	44,711
Other current assets	(43,001)	11,002	(1,366)	6,088
Long-term trade accounts receivable	(89,366)	884	-	14,063
Other non-current assets	(1,362)	275	(9)	1,648
Operating liabilities increase (decrease)				
Trade and other payables	34,552	(114,045)	12,998	(9,349)
Advance received from customers	195,388	265,776	(526)	1,522
Other current liabilities	(12,848)	(22,485)	(1,016)	1,539
Provision for long-term employee benefits	(5,390)	(7,739)	(1,342)	(269)
Other non-current liabilities	10,753	(13,636)	(186)	(2,008)
<b>Cash flows from operating activities</b>	<b>(300,746)</b>	<b>213,017</b>	<b>(38,284)</b>	<b>59,832</b>
Cash received for interest income	13,365	15,616	53,861	101,302
Cash paid for interest expenses	(118,996)	(122,566)	(25,092)	(45,102)
Cash paid for income tax	(70,400)	(47,608)	(4,001)	(4,925)
<b>Net cash flows from (used in) operating activities</b>	<b>(476,777)</b>	<b>58,469</b>	<b>(13,516)</b>	<b>111,107</b>

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

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Cash flow statement (continued)

For the nine-month period ended 30 September 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from investing activities</b>				
Increase in current investment - short-term fixed deposit	(73)	(90)	-	-
Cash paid for purchase of investment in subsidiaries	-	-	(790,001)	-
Cash received from long-term loans to subsidiaries	-	-	2,973,320	1,008,900
Cash paid for long-term loans to subsidiaries	-	-	(1,602,100)	(1,246,420)
Decrease in long-term loans to employees	-	183	-	23
Cash received from sales of property, plant and equipment	604	783	4	32
Cash paid for acquisition of property, plant and equipment	(306,619)	(176,111)	(8,360)	(7,234)
Cash paid for acquisition of investment properties	(2,103)	-	-	-
Dividend received from other long-term investment	25,551	25,551	25,551	25,551
<b>Net cash flows from (used in) investing activities</b>	<b>(282,640)</b>	<b>(149,684)</b>	<b>598,414</b>	<b>(219,148)</b>
<b>Cash flows from financing activities</b>				
Payment of dividends	(20,835)	(56,663)	(20,835)	(56,663)
Increase in bank overdrafts and short-term loans from financial institution	194,452	425,000	50,000	110,000
Draw down of long-term loans from subsidiaries	-	-	531,380	758,200
Repayment of long-term loans from subsidiaries	-	-	(1,094,850)	(653,700)
Draw down of long-term loans from financial institutions	1,014,400	-	-	-
Repayment of long-term loans from financial institutions	(449,000)	(367,500)	(52,500)	(52,500)
<b>Net cash flows from (used in) financing activities</b>	<b>739,017</b>	<b>837</b>	<b>(586,805)</b>	<b>105,337</b>
Net exchange differences on translation of financial statements in foreign currency	6,043	(1,487)	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(14,357)</b>	<b>(91,875)</b>	<b>(1,907)</b>	<b>(2,704)</b>
Cash and cash equivalents at beginning of period	444,633	370,828	17,675	17,183
<b>Cash and cash equivalents at end of period</b>	<b>430,276</b>	<b>278,953</b>	<b>15,768</b>	<b>14,479</b>

**Supplemental cash flows information**

## Non-cash items

Increase (decrease) in exchange differences on translation of

financial statements in foreign currency of associate

32,496

(13,719)

-

-

Transfer from property development cost to property,

plant and equipment

11,683

30,108

-

-

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

**Laguna Resorts & Hotels Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2015**

**1. General information**

**1.1 Corporate information**

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

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are three hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket and Outrigger Laguna Phuket Resort and Villas, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating a golf club (Laguna Phuket Golf Club), 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, 7<sup>th</sup>, 22<sup>nd</sup> and 24<sup>th</sup> Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

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

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) "*Interim Financial Reporting*", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statements, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

### **1.3 Basis of consolidation**

These consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014. There have been no changes in the composition of the subsidiaries during the current period.

### **1.4 New financial reporting standards**

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these financial reporting standards involve changes to key principles, as summarised below:

#### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses of post-employment benefits immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses of post-employment benefits immediately in other comprehensive income.

#### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of *TAS 27 Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this

standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

#### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

#### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

### **(b) Financial reporting standard issued during the period and not yet effective**

During the period, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied.

## **2. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in note 1.4 to the financial statements.



(Unaudited but reviewed)

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Cash	4,443	5,360	175	180
Bank deposits	425,833	439,273	15,593	17,495
<b>Total</b>	<b>430,276</b>	<b>444,633</b>	<b>15,768</b>	<b>17,675</b>

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	200,821	292,729	5,849	5,127
Less: Allowance for doubtful accounts	(26,534)	(10,822)	-	-
Trade accounts receivable - hotel operations, net	174,287	281,907	5,849	5,127
Trade accounts receivable - sales of property				
- installment due	48,995	13,014	5,470	-
Current portion of long-term trade				
accounts receivable (Note 7)	118,026	84,262	-	4,857
Trade accounts receivable - sales of property, net	167,021	97,276	5,470	4,857
Trade accounts receivable - sales of holiday club				
memberships - installment due	16,193	8,917	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	15,288	22,022	-	-
<b>Total</b>	<b>31,481</b>	<b>30,939</b>	<b>-</b>	<b>-</b>
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club				
memberships, net	28,881	28,339	-	-
Trade accounts receivable - net	370,189	407,522	11,319	9,984
<u>Other receivables</u>				
Amounts due from related parties (Note 5)	48,551	58,089	159,427	151,037
Other receivables	20,235	20,312	211	639
Insurance claim receivable	79	14,616	-	-
Accrued other income	359	7,174	299	229
Interest receivable	177	132	177	132
Accrued rental	12,117	41,878	12,117	41,878
<b>Total other receivables</b>	<b>81,518</b>	<b>142,201</b>	<b>172,231</b>	<b>193,915</b>
<b>Trade and other receivables, net</b>	<b>451,707</b>	<b>549,723</b>	<b>183,550</b>	<b>203,899</b>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<b><u>Age of receivables</u></b>				
Not yet due	44,060	122,287	264	2,251
Past due				
Up to 30 days	51,723	87,028	464	794
31 - 60 days	18,830	20,821	419	642
61 - 90 days	5,271	4,212	186	490
91 - 120 days	13,454	5,788	4,516	950
Over 120 days	67,483	52,593	-	-
Total	200,821	292,729	5,849	5,127
Less: Allowance for doubtful accounts	(26,534)	(10,822)	-	-
Trade accounts receivable - hotel operations, net	174,287	281,907	5,849	5,127

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<b><u>Age of receivables</u></b>				
Not yet due	14,635	10,336	5,470	-
Past due				
Up to 30 days	4,046	2,678	-	-
31 - 60 days	2,050	-	-	-
91 - 120 days	515	-	-	-
Over 120 days	27,749	-	-	-
Trade accounts receivable - sales of property - installment due, net	48,995	13,014	5,470	-

(Unaudited but reviewed)

The balances of installments due of trade accounts receivable - holiday club memberships, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
<b><u>Age of receivables</u></b>				
Not yet due	168	1,370	-	-
Past due				
Up to 30 days	836	1,254	-	-
31 - 60 days	626	458	-	-
61 - 90 days	376	465	-	-
91 - 120 days	321	340	-	-
Over 120 days	13,866	5,030	-	-
Total	16,193	8,917	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club memberships - installment due, net	13,593	6,317	-	-

## 5. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2015	2014	2015	2014	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Guarantee fee expenses	-	-	2	1	(3) agreed basis
Interest income	-	-	11	36	(5) agreement
Interest expenses	-	-	1	12	(5) agreement
Management fee income	-	-	11	6	(4), (7) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 September

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2015	2014	2015	2014	
<u>Transactions with subsidiaries (continued)</u>					
Reimbursement receipts	-	-	7	13	(11) agreed basis
Reimbursement payments	-	-	3	3	(11) agreed basis
Rental and service income	-	-	2	3	(12)(i), (iii) agreement
Rental and service expenses	-	-	2	2	(12)(iv), (v) agreement
Resort service expenses	-	-	1	1	(14) agreed basis
Dividend received	-	-	-	34	as declared
<u>Transactions with associate</u>					
Inter resort receipts	1	-	-	-	(1) agreed basis
Reimbursement receipts	-	4	-	-	(11) agreed basis
Sale of goods	2	1	-	-	(9) agreed basis
<u>Transactions with related companies</u>					
Inter resort payments	17	15	-	-	(1) agreed basis
Management fee income	-	1	-	-	(16), (17) agreement
Management fee expenses	68	42	2	-	(6), (15) agreement
Sale of gallery vouchers	1	-	-	-	(8) agreed basis
Purchase (return) of spa & gallery vouchers	(1)	1	-	-	(2), (8) agreed basis
Sale of goods	7	9	-	-	(9) agreed basis
Reimbursement receipts	14	27	1	1	(11) agreed basis
Reimbursement payments	9	12	2	5	(11) agreed basis
Rental and service income	9	8	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	1	1	-	-	(12)(viii) agreement
Rental return on hotel units	1	1	-	-	(13) agreement
Resort service income	2	2	-	-	(14) agreed basis
Spa service expenses	1	1	-	-	(2) agreed basis
Training charges	3	1	-	-	(10) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Estate service expenses	-	-	-	1	(18) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	4	2	(3) agreed basis
Interest income	-	-	47	101	(5) agreement
Interest expenses	-	-	9	33	(5) agreement
Management fee income	-	-	28	20	(4), (7) agreed basis
Reimbursement receipts	-	-	12	19	(11) agreed basis
Reimbursement payments	-	-	9	14	(11) agreed basis
Rental and service income	-	-	8	9	(12)(i), (iii) agreement
Rental and service expenses	-	-	5	5	(12)(iv), (v) agreement
Resort service expenses	-	-	7	4	(14) agreed basis
Sale of assets	-	-	-	4	at net book value
Dividend received	-	-	-	34	as declared
<u>Transactions with associates</u>					
Inter resort receipts	2	1	-	-	(1) agreed basis
Reimbursement receipts	-	4	-	-	(11) agreed basis
Reimbursement payments	1	-	-	-	(11) agreed basis
Rental and service expenses	-	1	-	-	(12)(i) agreement
Sale of goods	4	3	-	-	(9) agreed basis
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	59	56	-	-	(1) agreed basis
Management fee income	1	3	-	-	(16), (17) agreement
Management fee expenses	200	184	2	-	(6), (15) agreement
Sale of gallery vouchers	1	1	-	-	(8) agreed basis
Purchase of spa & gallery vouchers	7	7	2	2	(2), (8) agreed basis
Sale of goods	30	29	-	-	(9) agreed basis
Reimbursement receipts	50	74	2	3	(11) agreed basis
Reimbursement payments	37	33	8	8	(11) agreed basis
Rental and service income	26	25	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	1	1	-	-	(12)(viii) agreement
Rental return on hotel units	3	3	-	-	(13) agreement
Resort service income	6	6	-	-	(14) agreed basis
Spa service expenses	1	1	-	-	(2) agreed basis
Training charges	11	8	1	-	(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 Banyan Tree Lijiang primarily for treatments at the spa and goods purchased at the shops.
- (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 20% to 60% discount to the Spa price list. The Gallery vouchers are priced at 20% to 40% 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).

(Unaudited but reviewed)

- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand; however, it is expected that those loans would not be called for repayment in the short-term. Therefore, such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 20 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

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

- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited) pays 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 pays a technical fee of 7.5% of gross operating profit.
- (v) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pays a hotel management fee of 10% of gross operating profit.
- (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 corporate head office shall be charged as follows:
  - Group marketing services shared on a group basis are based on 3% of total actual hotel revenue (2014: 1.75% of actual hotel revenues plus a share of operating cost of Regional Marketing offices).
  - Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

(Unaudited but reviewed)

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

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
  - (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 20% to 35% 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 35% margin.
- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).
  - (i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

<u>Payee</u>	<u>Payer</u>	<u>Rental Period</u>	<u>Expiry Date</u>
BGL	BTRS(T)	30 years	November 2041
LBTL	BTRS(T)	10 years	December 2015

BGL : Bangtao Grande Limited

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

LBTL : Laguna Banyan Tree Limited



(Unaudited but reviewed)

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,138 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 II. 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 117,325 and Baht 11,733 per rai per annum respectively.
  - (vi) Service income from rental of Banyan Tree Management Academy is at Baht 128,750 per month.
  - (vii) Rental of land on which Spa premises are located is on the basis of Baht 0.7 million per annum.
  - (viii) Rental and service fee for Banyan Tree Gallery (Singapore)'s office, monthly rental is SGD 4 per square feet (2014: SGD 41.98 per square metre).
- (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

(Unaudited but reviewed)

of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

- (16) The Technical Assistance Agreement of Laguna Excursions Limited is providing management services and granting the use of leading brand for the recreation department of Banyan Tree Bintan and Angsana Bintan hotels. The technical service fees include a technical services fee at rate of 12.5% of recreation revenue, an incentive fee at the rate of 31% of earnings before interest, tax, depreciation and amortisation, and a royalty fee at the rate of 5% of revenue. The agreement was terminated in December 2014.
- (17) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources. The monthly fee is Baht 55,000.
- (18) Estate maintenance and service charges by Laguna Grande Limited in respect of providing services such as pool cleaning service, gardening service, etc. to residential projects in Laguna Phuket which are charged at market price.

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

	(Unit: Million Baht)	
	<u>30 September 2015</u>	<u>31 December 2014</u>
Overdrafts and bank guarantee facilities	106	106

Subsidiaries have contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of the Company and other subsidiaries as follows:

	(Unit: Million Baht)	
	<u>30 September 2015</u>	<u>31 December 2014</u>
Short-term loan facilities	170	170
Long-term loan facilities	900	-
Overdrafts facilities	10	10

(Unaudited but reviewed)

As at 30 September 2015 and 31 December 2014, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	158,921	149,739
Associated companies	2,471	5,020	-	-
Related companies (related by common shareholders)	46,080	53,069	506	1,298
Total amounts due from related parties (Note 4)	<u>48,551</u>	<u>58,089</u>	<u>159,427</u>	<u>151,037</u>
<b>Amounts due to related parties</b>				
Subsidiaries	-	-	9,293	7,940
Associated companies	302	-	-	-
Related companies (related by common shareholders)	112,040	72,542	7,012	8
Total amounts due to related parties (Note 14)	<u>112,342</u>	<u>72,542</u>	<u>16,305</u>	<u>7,948</u>

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

As at 30 September 2015 and 31 December 2014, 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			30 September 2015
	31 December 2014	Addition	Repayment	
Laguna Banyan Tree Limited	1,133,100	513,000	(1,275,000)	371,100
Laguna Holiday Club Limited	-	1,000	(1,000)	-
Laguna Lakes Limited	430,501	11,000	(54,700)	386,801
Laguna Grande Limited	-	273,600	(145,700)	127,900
TWR - Holdings Limited	693,420	803,500	(1,496,920)	-
Total	<u>2,257,021</u>	<u>1,602,100</u>	<u>(2,973,320)</u>	<u>885,801</u>

(Unaudited but reviewed)

### Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December		30 September	
	2014	Addition	Repayment	2015
Laguna Grande Limited	746,950	220,000	(966,950)	-
Laguna Holiday Club Limited	14,000	46,000	(34,600)	25,400
Laguna (3) Limited	4,900	2,000	(100)	6,800
Banyan Tree Gallery (Thailand) Limited	-	30,000	(30,000)	-
TWR - Holdings Limited	-	233,380	(63,200)	170,180
Total	<u>765,850</u>	<u>531,380</u>	<u>(1,094,850)</u>	<u>202,380</u>

### Directors and management's benefits

During the nine-month periods ended 30 September 2015 and 2014, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	Short-term employee benefits	78,671	68,912	44,332
Post-employment benefits	398	399	197	198
Other long-term employee benefits	27	29	11	12
Total	<u>79,096</u>	<u>69,340</u>	<u>44,540</u>	<u>29,500</u>

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 21 b).

(Unaudited but reviewed)

## 6. Property development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2015	2014	2015	2014
Property for sale under holiday club memberships	405,346	433,640	-	-
Completed buildings	532,928	564,535	64,749	72,371
Land	1,820,695	1,858,078	111,958	112,101
Leasehold land	44,041	44,041	-	-
Property under construction	1,824,847	988,415	8,795	8,795
Total	<u>4,627,857</u>	<u>3,888,709</u>	<u>185,502</u>	<u>193,267</u>

Subsidiaries have mortgaged property development cost amounting to Baht 1,420 million (31 December 2014: Baht 878 million) as collateral against its credit facilities received from financial institutions.

## 7. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 7.1 Installments receivable from property sales which bear interest at rates of 5.0% - 12.0% 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 7.5% - 9.0% per annum and installments are repaid over a period of 2 to 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2015	31 December 2014
Current portion of long-term trade accounts receivable	133,314	106,284
Long-term trade accounts receivable	254,410	165,044
Total	<u>387,724</u>	<u>271,328</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2015	31 December 2014
Sales of property		
Within 1 year (Note 4)	118,026	84,262
Over 1 year to 5 years	250,771	158,152
Over 5 years	1,314	1,551
Long-term trade accounts receivable - sales of property	370,111	243,965
Sales of holiday club memberships		
Within 1 year (Note 4)	15,288	22,022
Over 1 year to 5 years	2,325	5,341
Long-term trade accounts receivable - sales of holiday club memberships	17,613	27,363
Total	387,724	271,328

(Unit: Thousand Baht)

	Separate financial statements	
	30 September 2015	31 December 2014
Current portion of long-term trade accounts receivable	-	4,857
Total	-	4,857
Sales of property		
Within 1 year (Note 4)	-	4,857
Long-term trade accounts receivable - sales of property	-	4,857

## 8. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2015	2014	2015	2014	2015	2014
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<b><u>Subsidiaries held by the Company</u></b>						
Banyan Tree Gallery (Singapore) Pte. Limited	SGD 0.43 Million	SGD 0.43 Million	51.0	51.0	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
Laguna Banyan Tree Limited <sup>(1)</sup>	1,500.0	500.0	100.0	100.0	1,325.1	835.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited	1,000.0	1,000.0	100.0	100.0	984.8	984.8
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9
Laguna Service Company Limited <sup>(2)</sup>	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	1,250.0	100.0	100.0	1,550.0	1,250.0
<b><u>Subsidiaries held through TWR – Holdings Limited</u></b>						
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-
Pai Smart Development Company Limited	28.4	28.4	100.0	100.0	-	-
Phuket Resort Development Limited	100.0	100.0	100.0	100.0	-	-
PT AVC Indonesia	USD 0.9 Million	USD 0.9 Million	100.0	100.0	-	-
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-
Twin Waters Development Company Limited	214.4	214.4	100.0	100.0	-	-
<b><u>Subsidiaries held through Laguna Grande Limited</u></b>						
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-
Bangtao Development Limited	80.0	80.0	100.0	100.0	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-
Laguna Central Limited	1.0	1.0	85.0	85.0	-	-
<b><u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u></b>						
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousand	USD 75 Thousand	51.0	51.0	-	-
<b><u>Subsidiary held through Laguna Holiday Club Limited</u></b>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
<b>Total investments in subsidiaries</b>					<b>4,269.0</b>	<b>3,479.0</b>

(1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through Bangtao Grande Limited (31 December 2014: Laguna Banyan Tree Limited is held 49% by the Company and 51% through TWR - Holdings Limited). On 6 February 2015, TWR - Holdings Limited entered into the share sale agreement to sell all ordinary shares in Laguna Banyan Tree Limited (51% shareholding) to Bangtao Grande Limited.

(2) Laguna Service Company Limited is held by the Company and 2 subsidiaries

(Unaudited but reviewed)

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.

On 3 March 2015, the Extraordinary General Meeting of Laguna Banyan Tree Limited's shareholders No.1/2015 passed a resolution approving to increase the registered share capital of such company from Baht 500,000,000 to Baht 1,500,000,000, through the issue of 10,000,000 new ordinary shares with a par value of Baht 100 each, a total of Baht 1,000,000,000. The Company and a subsidiary subscribed and paid for newly issued ordinary shares on 10 March 2015.

On 3 March 2015, the Extraordinary General Meeting of TWR - Holdings Limited's shareholders No.1/2015 passed a resolution approving to increase the registered share capital of such company from Baht 1,250,000,000 to Baht 1,550,000,000, through the issue of 3,000,000 new ordinary shares with a par value of Baht 100 each, a total of Baht 300,000,000. The Company subscribed and paid for newly issued ordinary shares on 10 March 2015.

## 9. Investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September 2015	31 December 2014	30 September 2015	31 December 2014	30 September 2015	31 December 2014
			(%)	(%)				
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	418,205	409,465
Tropical Resorts Ltd.	Holding company	Hong Kong	28	26	17,873	17,873	-	-
Less: Allowance for impairment of investment					(17,873)	(17,873)	-	-
Total investments in associates - net					348,414	348,414	418,205	409,465

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit (loss) from investments in associate			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2015	2014	2015	2014
Lijiang Banyan Tree Hotel Co., Ltd.	(1,511)	508	(23,755)	(18,572)



(Unaudited but reviewed)

**10. Other long-term investments**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
<b>Investments in available-for-sale security</b>				
Thai Wah Starch Public Company Limited	334,627	334,627	31,161	31,161
Unrealised gain on available-for-sale security	112,512	67,798	415,978	371,264
<b>Total investments in available-for-sale security - net</b>	<b>447,139</b>	<b>402,425</b>	<b>447,139</b>	<b>402,425</b>
<b>Investments in other companies</b>				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940	-	-
<b>Total investments in other companies</b>	<b>606,365</b>	<b>606,365</b>	<b>-</b>	<b>-</b>
<b>Total other long-term investments - net</b>	<b>1,053,504</b>	<b>1,008,790</b>	<b>447,139</b>	<b>402,425</b>

As at 30 September 2015, the Company held 12,775,406 shares, or a 16.27% shareholding, in Thai Wah Starch Public Company Limited ("TWS").

On 1 October 2015, Thai Wah Public Company Limited ("TWPC") was formed by the amalgamation of Thai Wah Starch Public Company Limited ("TWS") and Thai Wah Food Products Public Company Limited ("TWFP"). TWPC's shares were allocated to the shareholders of TWS at a rate of 6.05280574 shares of TWPC for 1 existing share of TWS and as a result the Company holds 77,327,051 shares, or a 8.78% shareholding, in Thai Wah Public Company Limited ("TWPC").

**11. Investment properties**

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Units in		Total	Units in		Total
	Land awaiting for development / sales	office building and shops for rent		Land awaiting for development / sales	office building and shops for rent	
Balance as at 31 December 2014	376,896	735,380	1,112,276	141,745	39,480	181,225
Addition	-	2,103	2,103	-	-	-
Net gain (loss) from a fair value adjustment	-	(3,033)	(3,033)	-	7,570	7,570
Balance as at 30 September 2015	<u>376,896</u>	<u>734,450</u>	<u>1,111,346</u>	<u>141,745</u>	<u>47,050</u>	<u>188,795</u>

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

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

(Unaudited but reviewed)

Key assumptions used in the valuation include yield rate, long-term vacancy rate and long-term growth in real rental rates.

As at 30 September 2015, the subsidiaries have pledged investment properties amounting to approximately Baht 687 million (2013: Baht 696 million) as collateral against credit facilities received from financial institutions.

## 12. Property, plant and equipment

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>At cost / revaluation value</b>		
Balance as at 31 December 2014	14,076,021	121,361
Additions	306,619	8,360
Transfer from property development cost	11,683	-
Disposals and write off	(24,918)	(401)
Adjustments	(31)	-
Balance as at 30 September 2015	<u>14,369,374</u>	<u>129,320</u>
<b>Accumulated depreciation</b>		
Balance as at 31 December 2014	(3,818,514)	(71,565)
Depreciation charged for the period	(234,014)	(3,400)
Disposals and write off	24,011	401
Adjustments	(226)	-
Balance as at 30 September 2015	<u>(4,028,743)</u>	<u>(74,564)</u>
<b>Allowance for impairment loss</b>		
Balance as at 31 December 2014	(12,619)	-
Adjustments	700	-
Balance as at 30 September 2015	<u>(11,919)</u>	<u>-</u>
<b>Net book value</b>		
Balance as at 31 December 2014	<u>10,244,888</u>	<u>49,796</u>
Balance as at 30 September 2015	<u>10,328,712</u>	<u>54,756</u>

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 24 December 2013 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.

(Unaudited but reviewed)

As at 30 September 2015, the subsidiaries have mortgaged land and buildings at fair value of Baht 5,518 million (31 December 2014: Baht 5,570 million) as collateral against credit facilities received from financial institutions.

### 13. Bank overdrafts and short-term loans from financial institutions

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months. Bank overdrafts and short-term loans from financial institutions carry interest rate of 3.65% to 8.37% per annum (31 December 2014: 3.60% to 4.10%).

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

### 14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2015	2014	2015	2014
Trade accounts payable	234,100	291,738	1,244	2,014
Amounts due to related parties (Note 5)	112,342	72,542	16,305	7,948
Accrued expenses	169,547	155,125	13,143	5,938
Other payables	137,677	78,270	579	637
Service charge payable to hotel staff	10,536	31,718	-	-
Accrued rental to villa owners	61,137	58,180	5,159	8,389
Total	<u>725,339</u>	<u>687,573</u>	<u>36,430</u>	<u>24,926</u>

(Unaudited but reviewed)

**15. Other current liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Value added tax payable	35,387	49,383	3,625	4,042
Unearned income	30,494	47,194	-	-
Other tax payable	33,015	17,120	1,670	2,244
Short-term provision	10,295	8,363	3,649	3,673
<b>Total</b>	<b>109,191</b>	<b>122,060</b>	<b>8,944</b>	<b>9,959</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Secured	3,042,726	2,477,326	52,500	105,000
Long-term loans are repayable as follows:				
Within 1 year	481,437	657,750	52,500	70,000
Over 1 year to 5 years	1,887,860	1,579,576	-	35,000
Over 5 years	673,429	240,000	-	-
	2,561,289	1,819,576	-	35,000
<b>Total</b>	<b>3,042,726</b>	<b>2,477,326</b>	<b>52,500</b>	<b>105,000</b>

Movements in the long-term loans account during the nine-month period ended 30 September 2015 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2014	2,477,326	105,000
Add: Drawdown	1,014,400	-
Less: Repayments	(449,000)	(52,500)
<b>Balance as at 30 September 2015</b>	<b>3,042,726</b>	<b>52,500</b>

(Unaudited but reviewed)

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 6, 11 and 12. Certain loan is guaranteed by a subsidiary.

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

As at 30 September 2015, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 582 million (31 December 2014: Nil).

## 17. 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 and nine-month periods ended 30 September 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Current income tax:</b>				
Interim corporate income tax charge	4,806	953	-	-
Adjustment in respect of current income tax of previous year	116	-	-	-
Write off prepaid withholding tax	385	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(6,551)	(12,357)	(2,523)	(1,725)
<b>Income tax expense reported in the income statement</b>	<b>(1,244)</b>	<b>(11,404)</b>	<b>(2,523)</b>	<b>(1,725)</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Current income tax:</b>				
Interim corporate income tax charge	53,564	21,524	-	-
Adjustment in respect of current income tax of previous year	3,606	-	-	-
Write off prepaid withholding tax	7,857	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(30,382)	(39,802)	(7,445)	5,042
<b>Income tax expense reported in the income statement</b>	<b>34,645</b>	<b>(18,278)</b>	<b>(7,445)</b>	<b>5,042</b>

**18. Earnings per share**

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

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(88,194)	(105,686)	(11,870)	28,539
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.53)	(0.63)	(0.07)	0.17

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(108,350)	(66,909)	(8,239)	68,348
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.65)	(0.40)	(0.05)	0.41

**19. Dividend**

Dividend declared in nine-month periods ended 30 September 2015 and 2014 consist of:

	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Dividends on 2014 retained earnings	Annual General Meeting of the shareholders on 27 April 2015	20.84	0.125
Dividends on 2013 retained earnings	Annual General Meeting of the shareholders on 22 April 2014	56.66	0.34

**20. Commitments**Capital commitment

As at 30 September 2015, the Company and its subsidiaries have capital commitments as follows:

- a) The Company and its subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 30 million (31 December 2014: Baht 12 million).
- b) The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 480 million (31 December 2014: Baht 911 million).
- c) A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngan 39.6 square wah, with a third party. The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngan 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngan 36.2 square wah, by 1 July 2018. The subsidiary paid the deposit of Baht 65 million and the purchase price of the remaining land shall be increased at rate of 5% on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

Operating agreements

As at 30 September 2015, the Company and its subsidiaries have operating agreements as follows:

- (a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotels 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
Banglao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2015 (a)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2015 (a)	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2021 (b)	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021 (b)	- Management fee: 10% of gross operating profit
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.5.2009 - 31.12.2019 (c)	- Basic management fee: 2% of total revenue for the first fiscal year, 2.5% of total revenue for the second fiscal year and 3% of total revenue for the remain fiscal years - Incentive fee: 7% of gross operating profit

- (a) Operator has option to extend for 1 additional period of 10 years.  
(b) Operator has option to extend for 1 additional period of 20 years.  
(c) Operator has option to extend for 2 additional periods of 10 years.

- (b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The terms of the agreements are generally 6 years.



(Unaudited but reviewed)

As at 30 September 2015 and 31 December 2014, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Payable within:				
In up to 1 year	50	97	3	5
In over 1 and up to 5 years	72	166	7	8
In over 5 years	1	8	-	-

During the nine-month period ended 30 September 2015, the Company and its subsidiaries recognised rental expenses of Baht 70 million (2014: Baht 91 million) (Separate financial statements: Baht 7 million, 2014: Baht 20 million).

#### Servitude over land

As at 30 September 2015, some subsidiaries have land servitude of approximately 7.32 rai (31 December 2014: 7 rai) at Phuket province, which are presented under property development cost and property, plant and equipment.

## 21. Guarantees

- a) As at 30 September 2015, there are bank guarantees amounting to Baht 47 million (Separate financial statements: Baht 2 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (31 December 2014: Baht 46 million, Separate financial statements: Baht 2 million).
- b) As at 30 September 2015 and 31 December 2014 the Company has the provision of a guarantee for a loan obtained by Lijiang Banyan Tree Hotel Co., Ltd. (LBTH) by issuing the letter of indemnity to its parent company, Banyan Tree Holdings Limited. The provision of the guarantee is to secure the loan of LBTH in proportion to the equity interest of 49.04% of the Company in LBTH (through Laguna Banyan Tree Limited).

## 22. Segment information

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

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the periods of three-month and nine-month periods ended 30 September 2015 and 2014, respectively.

(Unit: Million Baht)

	For the three-month period ended 30 September 2015				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	626	496	24	-	1,146
Intersegment revenues	(46)	(1)	(4)	-	(51)
Revenue from external customers	<u>580</u>	<u>495</u>	<u>20</u>	<u>-</u>	<u>1,095</u>
Results:					
Segment results	<u>(123)</u>	<u>103</u>	<u>5</u>	<u>(37)</u>	<u>(52)</u>
Unallocated income					<u>3</u>
Loss from operations and other income					(49)
Interest income	-	4	-	-	4
Finance cost	(24)	(14)	-	(4)	(42)
Share of loss from investment in associate	(1)	-	-	-	(1)
Loss before income tax expenses					(88)
Income tax expenses	20	(25)	(1)	7	1
Loss for the period					<u>(87)</u>

(Unit: Million Baht)

	For the three-month period ended 30 September 2014				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	629	187	27	-	843
Intersegment revenues	(42)	(2)	(5)	-	(49)
Revenue from external customers	<u>587</u>	<u>185</u>	<u>22</u>	<u>-</u>	<u>794</u>
Results:					
Segment results	<u>(94)</u>	<u>39</u>	<u>9</u>	<u>(41)</u>	<u>(87)</u>
Unallocated income					<u>5</u>
Loss from operations and other income					(82)
Interest income	-	5	-	-	5
Finance cost	(24)	(11)	-	(6)	(41)
Share of profit from investment in associate	1	-	-	-	1
Loss before income tax expenses					(117)
Income tax expenses					11
Loss for the period					<u>(106)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2015

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	2,378	871	81	-	3,330
Intersegment revenues	(143)	-	(16)	-	(159)
Revenue from external customers	<u>2,235</u>	<u>871</u>	<u>65</u>	<u>-</u>	<u>3,171</u>
Results:					
Segment results	<u>(45)</u>	<u>138</u>	<u>20</u>	<u>(128)</u>	<u>(15)</u>
Unallocated income					<u>75</u>
Profit from operations and other income					60
Interest income	1	12	-	-	13
Finance cost	(73)	(37)	-	(12)	(122)
Share of loss from investment in associate	(21)	(3)	-	-	(24)
Loss before income tax expenses					(73)
Income tax expenses	2	(39)	(4)	6	(35)
Loss for the period					<u>(108)</u>

(Unit: Million Baht)

For the nine-month period ended 30 September 2014

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	2,337	491	85	-	2,913
Intersegment revenues	(135)	(6)	(17)	-	(158)
Revenue from external customers	<u>2,202</u>	<u>485</u>	<u>68</u>	<u>-</u>	<u>2,755</u>
Results:					
Segment results	<u>15</u>	<u>24</u>	<u>21</u>	<u>(62)</u>	<u>(2)</u>
Unallocated income					<u>39</u>
Profit from operations and other income					37
Interest income	-	16	-	-	16
Finance cost	(69)	(36)	-	(17)	(122)
Share of loss from investment in associate	(17)	(1)	-	-	(18)
Loss before income tax expenses					(87)
Income tax expenses					<u>18</u>
Loss for the period					<u>(69)</u>

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

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

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets as at		Financial liabilities as at		Financial assets as at		Financial liabilities as at		30	31
	30	31	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December	September	December
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	4	4	-	-	-	-	-	-	36.3272	32.9186

**24. Fair value of financial instruments**

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

As of 30 September 2015, the Company and its subsidiaries had the following financial assets that were measured at fair value as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	447,139	-	-	447,139

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Available-for-sale investments				
Equity instruments	447,139	-	-	447,139

## 25. Litigation

A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991 to 1995. The plaintiffs claim the Sale and Purchase Agreement called for common area of approximately 20 rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 rai 2 ngan 9 square wah. As result, the plaintiffs claim that defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 rai 3 ngan 97.1 square wah to Allamanda 1 Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. The total amount of claim is Baht 188 million with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors, totaling ten, of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, therefore, must also be jointly liable with those subsidiaries.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose and amend the status of nine plots of land in dispute with land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

(Unaudited but reviewed)

On 27 June 2014, the Phuket Provincial Court has ordered the defendants (1) to transfer the nine plots of land totaling 10 rai 3 ngan 97.1 square wah to the plaintiffs (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land with interest at the rate of 7.5% per annum from the following day after the claim was lodged until payment is made in full (3) to pay Baht 16,000.79 per day from the following day after the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 as legal fees to the plaintiffs. On 23 January 2015, the subsidiaries lodged an appeal on the judgement at the Court of First Instance. On 15 October 2015, the Appeal Court ordered the defendants to place a deposit, amounting to Baht 36 million for the monetary compensations that the Court of First Instance has awarded the plaintiffs. The Phuket Provincial Court set next hearing on 18 December 2015 to consider the particulars of the deposit.

As at 30 September 2015, subsidiaries have set aside a provision of Baht 40.0 million for liabilities arising as a result of this case (31 December 2014: Baht 39.3 million).

## 26. Reclassification

Certain amounts in the financial statements for the three-month and nine-month periods ended 30 September 2014 have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss) or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	<u>For the three-month period ended 30 September 2014</u>			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As reclassified</u>	<u>As previously reported</u>	<u>As reclassified</u>	<u>As previously reported</u>
<b>Income statements</b>				
Revenue from hotel operations	587,154	582,005	5,117	-
Revenue from property development operations	185,363	183,933	146	-
Cost of hotel operations	399,657	393,078	6,579	32
Cost of property development operations	-	-	104	1,388

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month period ended 30 September 2014

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Income statements</b>				
Revenue from hotel operations	2,201,740	2,167,703	34,045	8
Revenue from property development operations	485,480	493,296	75,984	83,800
Cost of hotel operations	1,296,718	1,270,497	26,221	-

## 27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 November 2015.