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SHANGRI-LA ASIA LIMITED

香格里拉(亞洲)有限公司

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

OVERSEAS REGULATORY ANNOUNCEMENT

Shangri-La Hotel Public Company Limited (“**SHPCL**”) is a company listed on the Stock Exchange of Thailand (“**SET**”) and a 73.61% owned subsidiary of Shangri-La Asia Limited. SHPCL released to SET an announcement (“**Announcement**”) today. The following is a reproduction of the Announcement as required by the Note to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Hong Kong, 12 November 2018

As at the date hereof, the directors of Shangri-La Asia Limited are:

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

Mr LUI Man Shing

Non-executive director(s)

Mr HO Kian Guan (alternate – Mr HO Chung Tao)

Independent non-executive director(s)

Mr Alexander Reid HAMILTON

Professor LI Kwok Cheung Arthur

Dr LEE Kai-Fu

Mr YAP Chee Keong

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Shangri-La Hotel Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Shangri-La Hotel Public Company Limited and its subsidiaries as at 30 September 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018, and the related consolidated statements of 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 Shangri-La Hotel 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.

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*.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 12 November 2018

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2018</u>	<u>31 December 2017</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,186,241	846,940	88,863	103,282
Current investments - fixed deposits					
with financial institutions		3,138,128	3,259,879	3,115,000	2,870,000
Trade and other receivables	4	130,751	189,278	130,238	186,201
Inventories		26,047	28,977	26,047	28,977
Other current assets		140	595	118	575
Total current assets		<u>4,481,307</u>	<u>4,325,669</u>	<u>3,360,266</u>	<u>3,189,035</u>
Non-current assets					
Investments in subsidiaries	5	-	-	1,303,000	1,303,000
Investments in associates	6	-	-	-	-
Other long-term investments					
Investments in related party	7	506,763	776,109	-	-
Investment in other company	8	131,151	131,151	-	-
Long-term loans to and interest receivables					
from related parties	3	2,052,369	2,043,660	-	-
Property, plant and equipment	9	1,817,928	1,917,863	1,816,074	1,916,009
Intangible assets		4,182	3,148	4,182	3,148
Deferred tax assets		35,152	36,899	18,749	20,496
Other non-current assets		13,783	18,858	13,783	18,858
Total non-current assets		<u>4,561,328</u>	<u>4,927,688</u>	<u>3,155,788</u>	<u>3,261,511</u>
Total assets		<u><u>9,042,635</u></u>	<u><u>9,253,357</u></u>	<u><u>6,516,054</u></u>	<u><u>6,450,546</u></u>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2018</u>	<u>31 December 2017</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	10	234,277	331,811	220,447	310,059
Short-term loans from related party	3	-	-	487,200	492,450
Income tax payable		41,521	81,005	37,929	78,797
Other current liabilities	11	132,291	155,018	131,948	155,018
Total current liabilities		408,089	567,834	877,524	1,036,324
Non-current liabilities					
Provision for long-term employee benefits	12	72,445	71,073	72,445	71,073
Rental deposits		19,948	17,241	19,948	17,241
Total non-current liabilities		92,393	88,314	92,393	88,314
Total liabilities		500,482	656,148	969,917	1,124,638
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000	1,300,000	1,300,000	1,300,000
Share premium		1,590,400	1,590,400	1,590,400	1,590,400
Retained earnings					
Appropriated-statutory reserve		130,000	130,000	130,000	130,000
Unappropriated		4,654,160	4,362,458	2,533,682	2,313,453
Other components of shareholders' equity		824,047	1,178,975	(7,945)	(7,945)
Equity attributable to owners of the Company		8,498,607	8,561,833	5,546,137	5,325,908
Non-controlling interests of the subsidiary		43,546	35,376	-	-
Total shareholders' equity		8,542,153	8,597,209	5,546,137	5,325,908
Total liabilities and shareholders' equity		9,042,635	9,253,357	6,516,054	6,450,546
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenues from hotel operations		590,771	571,087	590,771	571,087
Other income					
Interest income		25,490	19,599	11,600	9,840
Gain on exchange		17,137	-	-	-
Others		13,557	10,921	8,169	5,628
Total revenues		646,955	601,607	610,540	586,555
Expenses					
Cost of hotel operations		204,783	193,208	204,783	193,208
Selling expenses		38,947	42,107	38,947	42,107
Administrative expenses		144,498	136,713	141,400	136,419
Depreciation and amortisation expenses		57,051	65,971	57,051	65,971
Loss on exchange		-	12,423	-	-
Total expenses		445,279	450,422	442,181	437,705
Profit before finance cost and income tax expenses		201,676	151,185	168,359	148,850
Finance income	13	-	-	12,750	9,750
Profit before income tax expenses		201,676	151,185	181,109	158,600
Income tax expenses	14	(38,465)	(28,860)	(36,207)	(27,986)
Profit for the period		163,211	122,325	144,902	130,614
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of					
financial statements in foreign currency		(89,787)	(41,010)	-	-
Gain (loss) on changes in value					
of available-for-sale investments		(141,523)	51,951	-	-
Other comprehensive income for the period		(231,310)	10,941	-	-
Total comprehensive income for the period		(68,099)	133,266	144,902	130,614

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2018

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to:					
Equity holders of the Company		161,170	120,282	<u>144,902</u>	<u>130,614</u>
Non-controlling interests of the subsidiary		<u>2,041</u>	<u>2,043</u>		
		<u>163,211</u>	<u>122,325</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(70,140)	131,223	<u>144,902</u>	<u>130,614</u>
Non-controlling interests of the subsidiary		<u>2,041</u>	<u>2,043</u>		
		<u>(68,099)</u>	<u>133,266</u>		
Earnings per share					
Basic earnings per share	15				
Profit attributable to equity holders of the Company		<u>1.24</u>	<u>0.93</u>	<u>1.11</u>	<u>1.00</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries**Statement of comprehensive income****For the nine-month period ended 30 September 2018**

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenues from hotel operations		1,856,868	1,683,465	1,856,868	1,683,465
Other income					
Interest income		72,363	61,933	34,001	29,594
Gain on exchange		38,160	-	-	-
Others		48,764	42,282	22,713	16,893
Total revenues		2,016,155	1,787,680	1,913,582	1,729,952
Expenses					
Cost of hotel operations		586,190	545,370	586,190	545,370
Selling expenses		112,343	109,984	112,343	109,984
Administrative expenses		419,811	402,379	407,794	393,011
Depreciation and amortisation expenses		171,751	195,857	171,751	195,857
Loss on exchange		-	66,875	-	-
Total expenses		1,290,095	1,320,465	1,278,078	1,244,222
Profit before finance cost and income tax expenses		726,060	467,215	635,504	485,730
Finance income	13	-	-	5,250	37,200
Profit before income tax expenses		726,060	467,215	640,754	522,930
Income tax expenses	14	(133,688)	(103,892)	(128,025)	(100,732)
Profit for the period		592,372	363,323	512,729	422,198
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency		(88,461)	(152,185)	-	-
Gain (loss) on changes in value of available-for-sale investments		(266,467)	282,361	-	-
Other comprehensive income for the period		(354,928)	130,176	-	-
Total comprehensive income for the period		237,444	493,499	512,729	422,198

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2018

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to:					
Equity holders of the Company		584,202	355,150	<u>512,729</u>	<u>422,198</u>
Non-controlling interests of the subsidiary		<u>8,170</u>	<u>8,173</u>		
		<u>592,372</u>	<u>363,323</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		229,274	485,326	<u>512,729</u>	<u>422,198</u>
Non-controlling interests of the subsidiary		<u>8,170</u>	<u>8,173</u>		
		<u>237,444</u>	<u>493,499</u>		
Earnings per share					
Basic earnings per share	15				
Profit attributable to equity holders of the Company		<u>4.49</u>	<u>2.73</u>	<u>3.94</u>	<u>3.25</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
				Other components of shareholders' equity							
				Other comprehensive income							
				Exchange	Surplus on						
				differences on	changes						
				translation of	in value of	Actuarials loss					
				financial	available-for-sale	on defined					
				statements in	investments -	employee					
				foreign currency	related company	benefit plans					
Issued and	Retained earnings										
fully paid-up	Share premium	Appropriated	Unappropriated	equity	Total other	Total equity	Equity attributable		Total		
share capital	Share premium	Appropriated	Unappropriated	foreign currency	related company	benefit plans	equity	the Company	the subsidiary	equity	
Balance as at 1 January 2017	1,300,000	1,590,400	130,000	4,072,863	958,012	8,736	(7,945)	958,803	8,052,066	27,212	8,079,278
Profit for the period	-	-	-	355,150	-	-	-	-	355,150	8,173	363,323
Other comprehensive income for the period	-	-	-	-	(152,185)	282,361	-	130,176	130,176	-	130,176
Total comprehensive income for the period	-	-	-	355,150	(152,185)	282,361	-	130,176	485,326	8,173	493,499
Dividend paid (Note 17)	-	-	-	(260,000)	-	-	-	-	(260,000)	-	(260,000)
Balance as at 30 September 2017	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,168,013</u>	<u>805,827</u>	<u>291,097</u>	<u>(7,945)</u>	<u>1,088,979</u>	<u>8,277,392</u>	<u>35,385</u>	<u>8,312,777</u>
Balance as at 1 January 2018	1,300,000	1,590,400	130,000	4,362,458	760,675	426,245	(7,945)	1,178,975	8,561,833	35,376	8,597,209
Profit for the period	-	-	-	584,202	-	-	-	-	584,202	8,170	592,372
Other comprehensive income for the period	-	-	-	-	(88,461)	(266,467)	-	(354,928)	(354,928)	-	(354,928)
Total comprehensive income for the period	-	-	-	584,202	(88,461)	(266,467)	-	(354,928)	229,274	8,170	237,444
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	-	-	(292,500)	-	(292,500)
Balance as at 30 September 2018	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,654,160</u>	<u>672,214</u>	<u>159,778</u>	<u>(7,945)</u>	<u>824,047</u>	<u>8,498,607</u>	<u>43,546</u>	<u>8,542,153</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Separate financial statements									
				Other components of shareholders' equity					
				Other comprehensive					
				income					
		Retained earnings		Actuarials loss		Total other			
Issued and				on defined		components of		Total	
fully paid-up				employee		shareholders'		shareholders'	
share capital		Share premium		Appropriated		benefit plans		equity	
				Unappropriated				equity	
Balance as at 1 January 2017	1,300,000	1,590,400	130,000	1,942,656	(7,945)	(7,945)	4,955,111		
Total comprehensive income for the period	-	-	-	422,198	-	-	422,198		
Dividend paid (Note 17)	-	-	-	(260,000)	-	-	(260,000)		
Balance as at 30 September 2017	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,104,854</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>5,117,309</u>		
Balance as at 1 January 2018	1,300,000	1,590,400	130,000	2,313,453	(7,945)	(7,945)	5,325,908		
Total comprehensive income for the period	-	-	-	512,729	-	-	512,729		
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	(292,500)		
Balance as at 30 September 2018	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,533,682</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>5,546,137</u>		

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries**Cash flow statement****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities					
Profit before tax		726,060	467,215	640,754	522,930
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		171,751	195,857	171,751	195,857
Allowance for doubtful accounts (reversal)		(93)	117	(93)	117
Reversal of reduction of inventory to net realisable value		(163)	(172)	(163)	(172)
Reversal of allowance for interest receivables		-	-	(11,007)	(8,313)
Gain on sales of equipment		(799)	(544)	(799)	(544)
Provision for long-term employee benefits		5,971	5,814	5,971	5,814
Unrealised exchange gains		-	-	(5,250)	(37,200)
Dividend income		(26,052)	(25,015)	-	-
Interest income		(72,363)	(61,933)	(34,001)	(29,594)
Profit from operating activities before changes in operating assets and liabilities		804,312	581,339	767,163	648,895
Operating assets (increase) decrease					
Trade and other receivables		55,567	22,737	55,559	22,729
Inventories		3,094	2,634	3,094	2,634
Other current assets		455	(1,262)	455	(1,262)
Other non-current assets		5,074	(5,904)	5,074	(5,904)
Operating liabilities increase (decrease)					
Trade and other payables		(103,690)	(51,340)	(95,767)	(45,337)
Other current liabilities		(22,727)	31,153	(23,069)	31,152
Provision for long-term employee benefits		(4,599)	(1,978)	(4,599)	(1,978)
Other non-current liabilities		2,705	438	2,707	438
Cash flows from operating activities		740,191	577,817	710,617	651,367
Cash paid for corporate income tax		(171,424)	(120,970)	(167,146)	(116,566)
Net cash flows from operating activities		568,767	456,847	543,471	534,801

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
(Increase) decrease in current investments	121,752	(388,000)	(245,000)	(375,000)
Cash received from loans to related parties	-	93,588	-	-
Cash received from interest receivables from related party	-	-	11,007	8,313
Cash received from interest income	50,175	40,316	34,498	33,083
Dividend income	26,052	25,015	-	-
Acquisitions of plant and equipment	(64,389)	(72,672)	(64,389)	(72,672)
Acquisitions of intangible assets	(2,375)	-	(2,375)	-
Proceeds from sales of equipment	869	706	869	706
Net cash flows from (used in) investing activities	132,084	(301,047)	(265,390)	(405,570)
Cash flows from financing activities				
Dividend paid	(292,500)	(260,000)	(292,500)	(260,000)
Net cash flows used in financing activities	(292,500)	(260,000)	(292,500)	(260,000)
Increase (decrease) in translation adjustments	(69,050)	54,090	-	-
Net increase (decrease) in cash and cash equivalents	339,301	(50,110)	(14,419)	(130,769)
Cash and cash equivalents at beginning of period	846,940	1,211,754	103,282	170,724
Cash and cash equivalents at end of period	1,186,241	1,161,644	88,863	39,955
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Purchase of equipment for which no cash has been paid	5,551	-	5,551	-
Purchase of intangible assets for which no cash has been paid	605	-	605	-

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2018

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, 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.

1.2 Basis of consolidation

These consolidated financial statements include the financial statements of Shangri-La Hotel Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been no changes in the composition of the Group during the current period.

New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

Thai Financial Reporting Standards related to financial instruments

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

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

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 2017.

3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month period ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with associated companies</u>					
Interest income	9	9	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	11	7	11	7	Normal business price
Management fees	19	18	19	18	Contract price
Marketing and promotion fees	6	6	6	6	Contract price
Advertising and reservation fees	4	4	4	4	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month period ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with associated companies</u>					
Interest income	25	27	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	25	17	25	17	Normal business price
Management fees	59	54	59	54	Contract price
Marketing and promotion fees	19	17	19	17	Contract price
Advertising and reservation fees	10	12	10	12	Contract price

The balances of the accounts between the Company and these related companies as at 30 September 2018 and 31 December 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Audited)	(Audited)	
<u>Trade receivables - related parties (Note 4)</u>				
Related companies				
Others	1,257	1,952	1,257	1,952
Total trade receivables - related parties	<u>1,257</u>	<u>1,952</u>	<u>1,257</u>	<u>1,952</u>
<u>Other receivables - related parties (Note 4)</u>				
Associated company				
Traders Yangon Company Limited	414	1,080	414	1,080
Related companies				
Others	3,013	1,477	3,013	1,477
Total other receivables - related parties	<u>3,427</u>	<u>2,557</u>	<u>3,427</u>	<u>2,557</u>
<u>Interest receivable from related party</u>				
Subsidiary				
TRR-Kerry Development Company Limited	-	-	16,695	27,702
Less: Allowance for doubtful interest receivable	-	-	(16,695)	(27,702)
Total interest receivable from related party - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Audited)		(Audited)
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	43,554	43,915	-	-
	43,554	43,915	-	-
Interest bearing				
Shangri-La Yangon Company Limited	734,974	732,189	-	-
Traders Yangon Company Limited	509,054	505,586	-	-
Traders Square Company Limited	764,787	761,970	-	-
	2,008,815	1,999,745	-	-
Total long-term loans to and interest receivables from related parties	2,052,369	2,043,660	-	-

The above loans-interest bearing carry interests at the rates of USD LIBOR and 0.92 to 2.05 percent per annum.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Audited)		(Audited)
<u>Other payables - related parties (Note 10)</u>				
Related companies				
Shangri-La International Hotel Management Limited	16,916	13,656	16,916	13,656
Shangri-La International Hotel Management BV	14,144	14,762	14,144	14,762
Others	47	-	47	-
Total other payables - related parties	31,107	28,418	31,107	28,418
<u>Short-term loan from related party</u>				
Subsidiary				
Hasfield Holdings Pte., Ltd.	-	-	487,200	492,450
	-	-	487,200	492,450

The above loan is repayable on demand and no interest bearing.

During the current period, movements of loans to and interest receivables from related parties and loans from related party were as follows:

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 30 September 2018
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Gain on exchange	
<u>Interest receivable from related party</u>					
Subsidiary					
TRR-Kerry Development Company Limited	27,702	-	(11,007)	-	16,695
Total interest receivable from related party	27,702	-	(11,007)	-	16,695

(Unit: Thousand Baht)

	Consolidated financial statements				Balance as at 30 September 2018
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Translation adjustment	
<u>Long-term loans to and interest</u>					
<u>receivables from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Square Company Limited	43,915	-	-	(361)	43,554
Interest bearing					
Shangri-La Yangon Company Limited	732,189	8,712	-	(5,927)	734,974
Traders Yangon Company Limited	505,586	7,543	-	(4,075)	509,054
Traders Square Company Limited	761,970	8,986	-	(6,169)	764,787
Total long-term loans to and interest receivables from related parties	2,043,660	25,241	-	(16,532)	2,052,369

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2018	Increase during the period	Decrease during the period	Gain on exchange Balance as at 30 September 2018
<u>Short-term loan from related party</u>				
Subsidiary				
Hasfield Holdings Pte.,Ltd.	492,450	-	-	(5,250)
Total short-term loan from related party	492,450	-	-	(5,250)

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	For the three-month period ended 30 September	
	Consolidated financial statements/ Separate financial statements	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	15,946	14,123
Post-employment benefits	986	1,061
Total	16,932	15,184

(Unit: Thousand Baht)

	For the nine-month period ended 30 September	
	Consolidated financial statements/ Separate financial statements	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	46,109	42,428
Post-employment benefits	2,989	2,963
Total	49,098	45,391

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.3 to the interim consolidated financial statements.

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 3)</u>				
Age on the basis of invoice date				
Less than 120 days	1,257	1,952	1,257	1,952
Total trade receivables - related parties	1,257	1,952	1,257	1,952
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	89,498	153,606	89,498	153,606
120 - 180 days	115	602	115	602
Over 180 days	660	211	660	211
Total	90,273	154,419	90,273	154,419
Less: Allowance for doubtful debts	(543)	(636)	(543)	(636)
Total trade receivables - unrelated parties, net	89,730	153,783	89,730	153,783
Total trade receivables, net	90,987	155,735	90,987	155,735
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	3,427	2,557	3,427	2,557
Other receivables - unrelated parties	2,975	1,559	2,975	1,559
Interest receivables	12,436	15,489	11,924	12,421
Prepaid expenses	20,926	13,938	20,925	13,929
Total other receivables	39,764	33,543	39,251	30,466
Total trade and other receivables - net	130,751	189,278	130,238	186,201

5. 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
	2018	2017	2018	2017	2018	2017
			(Percent)	(Percent)	(Audited)	
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100	100	1,303,000	1,303,000
Total investment in subsidiary					1,303,000	1,303,000

The Company's subsidiaries held through its subsidiaries are summarised below.

Company's name	Nature of business	Country of incorporation	Paid-up capital		Percentage of shareholding	
			30 September	31 December	30 September	31 December
			2018	2017	2018	2017
					(Percent)	(Percent)
<u>Subsidiaries held through Town Development Company Limited</u>						
TRR-Kerry Development Company Limited	Holding investment	Thailand	Baht 231 million	Baht 231 million	57.33	57.33
Apizaco Limited	Holding investment	Hong Kong	HKD 206 million	HKD 206 million	100.00	100.00
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	SGD 34 million	SGD 34 million	100.00	100.00
Traders Hotel and Resort Limited	Hotel business	Thailand	Baht 0.2 million	Baht 0.2 million	100.00	100.00
<u>Subsidiary held through Apizaco Limited</u>						
Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00

6. Investments in associates

6.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(Percent)	(Percent)	(Audited)		(Audited)	
<u>Associated companies (owned by Zukerman Limited)</u>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	28,697	28,935	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	16,963	17,103	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	676	682	-	-
Total					46,336	46,720	-	-

During the current period, the Company has no share of profit/loss from investments in associates in the consolidated financial statements.

6.2 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for nine-month period ended		Loss for the nine-month period ended	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September		30 September	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	1,775,216	2,187,621	3,562,781	3,851,898	375,388	495,847	(136,143)	(85,093)
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,495,221	3,766,050	4,057,245	4,213,981	379,757	451,030	(116,896)	(72,992)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	4,098,906	4,143,690	4,481,574	4,414,090	166,965	107,147	(113,608)	(171,198)

6.3 Investments associates with capital deficit

The Company recognised share of losses from investment in three associates, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Thousand Baht)

Company's name	Unrecognised share of losses		
	For the nine-month period ended 30 September 2018	Cumulative unrecognised share of losses as at	
		30 September 2018	30 September 2018
			(Audited)
Traders Yangon Company Limited	(32,035)	(453,360)	(421,325)
Shangri-La Yangon Company Limited	(25,974)	(128,742)	(102,768)
Traders Square Company Limited	(26,766)	(95,266)	(68,500)
Total	(84,775)	(677,368)	(592,593)

The financial information of associated companies

The financial information of these associated companies for the three-month and nine-month periods ended 30 September 2018 and 2017, which was included in the consolidated financial statements, was prepared by the associates' management. However, the Company's management believes that there would have been no significant difference to financial information if those financial information had been reviewed by auditors.

7. Investment in related party

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2018	31 December 2017
		(Audited)
Cost - Ordinary shares of Shangri-La Asia Limited	346,985	349,864
Add: Unrealised gain on changes in value of investments	159,778	426,245
Fair value	506,763	776,109

(Unaudited but reviewed)

Movements of the investment in related party account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Fair value as at 1 January 2018	776,109
Unrealised loss on changes in value of investment for the period	(266,467)
Translation adjustment	(2,879)
Fair value as at 30 September 2018	<u>506,763</u>

During the current period, the subsidiary recognised dividend income from this related party amounting to HKD 1.2 million or equivalent to approximately Baht 4.7 million.

8. Investment in other company

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 September 2018	31 December 2017
		(Audited)
Cost - Ordinary shares of Don Muang Tollway Public Company Limited	213,164	213,164
Less: Allowance for loss on diminution in value of investment	(82,013)	(82,013)
Investment in other company, net	<u>131,151</u>	<u>131,151</u>

During the current period, the subsidiary recognised dividend income from such company amounting to Baht 21.3 million.

9. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	1,917,863	1,916,009
Acquisitions during the period - at cost	69,940	69,940
Disposals during the period - net book value at disposal date	(70)	(70)
Depreciation for the period	(169,805)	(169,805)
Net book value as at 30 September 2018	<u>1,817,928</u>	<u>1,816,074</u>

(Unaudited but reviewed)

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade payables - unrelated parties	49,842	103,829	49,842	103,829
Other payables - related parties (Note 3)	31,107	28,418	31,107	28,418
Other payables - unrelated parties	20,327	21,489	20,327	21,489
Interest payables to minority shareholders of subsidiary	12,894	21,086	-	-
Payables for purchases of assets	8,470	2,314	8,470	2,314
Retention payables	6,520	8,334	6,520	8,334
Accrued expenses	105,117	146,341	104,181	145,675
Total trade and other payables	<u>234,277</u>	<u>331,811</u>	<u>220,447</u>	<u>310,059</u>

11. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Advances from customers	104,768	117,893	104,768	117,893
Others	27,523	37,125	27,180	37,125
Total other current liabilities	<u>132,291</u>	<u>155,018</u>	<u>131,948</u>	<u>155,018</u>

12. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits account during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
	<hr/>
Balance as at 1 January 2018	71,073
Current service cost	4,609
Interest cost	1,362
Benefits paid during the period	(4,599)
Balance as at 30 September 2018	<hr/> <hr/> 72,445

13. Finance cost

Finance cost for the three-month and nine-month periods ended 30 September 2018 and 2017 are summarised below:

(Unit: Thousand Baht)

	For the three-month period ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unrealised gain on exchange rate on short-term loan from related party	-	-	12,750	9,750
Total	<hr/> -	<hr/> -	<hr/> 12,750	<hr/> 9,750

(Unit: Thousand Baht)

	For the nine-month period ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unrealised gain on exchange rate on short-term loan from related party	-	-	5,250	37,200
Total	<hr/> -	<hr/> -	<hr/> 5,250	<hr/> 37,200

14. 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 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	(38,146)	(28,900)	(35,888)	(28,026)
Deferred tax:				
Relating to origination and reversal of temporary differences	(319)	40	(319)	40
Income tax expenses reported in the statements of comprehensive income	<u>(38,465)</u>	<u>(28,860)</u>	<u>(36,207)</u>	<u>(27,986)</u>

(Unit: Thousand Baht)

	For the nine-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	(131,941)	(102,934)	(126,278)	(99,774)
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,747)	(958)	(1,747)	(958)
Income tax expenses reported in the statements of comprehensive income	<u>(133,688)</u>	<u>(103,892)</u>	<u>(128,025)</u>	<u>(100,732)</u>

15. Earnings per share

Basic earnings per share is calculated by dividing profit for the periods 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 period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period (Thousand Baht)	161,170	120,282	144,902	130,614
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	1.24	0.93	1.11	1.00

	For the nine-month period ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period (Thousand Baht)	584,202	355,150	512,729	422,198
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	4.49	2.73	3.94	3.25

16. Segment information

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2018 and 2017.

(Unit: Million Baht)

	For the three-month period ended 30 September											
	Hotel business				Holding Investment	Total segments	Adjustments and		Consolidated			
	Hotel in Bangkok		Hotel in Chiangmai				eliminations					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
Revenues												
External customers	468	456	123	115	-	-	591	571	-	-	591	571
Total revenues	468	456	123	115	-	-	591	571	-	-	591	571
Operating results												
Segment gross profit	301	298	85	79	-	-	386	377	-	-	386	377
Interest income	12	9	-	1	13	10	25	20	-	-	25	20
Other income	8	6	-	1	6	4	14	11	-	-	14	11
Depreciation and amortisation expenses	(37)	(38)	(20)	(28)	-	-	(57)	(66)	-	-	(57)	(66)
Exchange gains (losses)	-	-	-	-	17	(12)	17	(12)	-	-	17	(12)
Profit before income tax expenses	146	142	20	8	36	1	202	151	-	-	202	151
Income tax expenses	(32)	(27)	(4)	-	(3)	(2)	(39)	(29)	-	-	(39)	(29)
Profit (loss) for the period	114	115	16	8	33	(1)	163	122	-	-	163	122

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September

	Hotel business											
	Hotel in		Hotel in		Holding Investment		Total segments		Adjustments and		Consolidated	
	Bangkok		Chiangmai						eliminations			
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Revenues												
External customers	1,474	1,327	383	356	-	-	1,857	1,683	-	-	1,857	1,683
Total revenues	<u>1,474</u>	<u>1,327</u>	<u>383</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>1,857</u>	<u>1,683</u>	<u>-</u>	<u>-</u>	<u>1,857</u>	<u>1,683</u>
Operating results												
Segment gross profit	1,000	885	271	253	-	-	1,271	1,138	-	-	1,271	1,138
Interest income	34	29	-	1	38	32	72	62	-	-	72	62
Other income	20	16	3	2	26	24	49	42	-	-	49	42
Depreciation and amortisation expenses	(111)	(112)	(61)	(84)	-	-	(172)	(196)	-	-	(172)	(196)
Exchange gain (losses)	-	-	-	-	38	(67)	38	(67)	-	-	38	(67)
Profit (loss) before income tax expenses	542	438	83	41	101	(12)	726	467	-	-	726	467
Income tax expenses	(111)	(93)	(17)	(7)	(6)	(4)	(134)	(104)	-	-	(134)	(104)
Profit (loss) for the period	431	345	66	34	95	(16)	592	363	-	-	592	363

17. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	260.0	2.00
Total dividends for 2017		<u>260.0</u>	<u>2.00</u>
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	292.5	2.25
Total dividends for 2018		<u>292.5</u>	<u>2.25</u>

18. Commitments and contingent liabilities**18.1 Capital commitments**

As at 30 September 2018, the Company had capital commitments of approximately Baht 55 million (31 December 2017: Baht 50 million), relating to the construction and renovation of the Hotel building.

18.2 Operating lease and service commitments

The Company has entered into several lease agreements in respect of vehicles and other service agreements. The terms of the agreements are generally between 1 and 4 years.

As at 30 September 2018, the Company's future minimum payments required under these non-cancellable operating leases and service agreements amounted to Baht 5 million, which are payable within 1 year.

18.3 Guarantee

- (1) As at 30 September 2018, there were outstanding bank guarantees of approximately Baht 11 million (31 December 2017: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) The Company entered into the Counter Indemnity Agreement with the parent company to indemnify the contingent liability relating to loan facilities of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.77 million and USD 6.67 million, respectively, which is loan facilities according to the subsidiary's proportionate interest in these associates.

18.4 Litigation

In 2012 the Social Security Office ordered the Company to pay additional contributions of Baht 8 million for the year 2010. The Company appealed against the Social Security Office's order to the Board of Appeal, in accordance with the Social Security Act. Subsequently, on 30 June 2017, the Board of Appeal dismissed the Company's appeal and ordered the Company to pay the additional contributions. The Company disagreed with the judgement of the Board of Appeal, and therefore filed a lawsuit with the Labour Court requesting the revocation of the order of the Social Security Office and the decision of the Board of Appeal in accordance with the Social Security Act B.E. 2533. Subsequently, on 21 April 2018, the Central Labour Court ordered the revocation of the Social Security Office's order and the Board of Appeal's decision. To date, the Social Security Office and the Board of Appeal have not appealed the Court's ruling and the case is deemed final.

19. Foreign currency risk

The balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries as at 30 September 2018 and 31 December 2017 are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at	As at	As at	As at	As at	As at
	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
		(Audited)		(Audited)		
USD	68	67	-	-	32.4066	32.6809

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at	As at	As at	As at	As at	As at
	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
		(Audited)		(Audited)		
USD	-	-	15	15	32.4066	32.6809

20. Fair value of financial instruments

As at 30 September 2018 and 31 December 2017, the subsidiary had the following asset that was measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 30 September 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment in related party				
Equity instruments	506,763	-	-	506,763

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in related party				
Equity instruments	776,109	-	-	776,109

During the current period, there were no transfers within the fair value hierarchy.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2018.

To : Managing Director
The Stock Exchange of Thailand

Date : November 12, 2018

Re : Management Discussion and Analysis for the period ended September 30, 2018

The Board of Directors is pleased to announce the Company's results for the period ended September 30, 2018 as follows:-

Net profit after corporate income tax for the three-month period ended September 30, 2018 and 2017:

(Baht in million)	<u>2018</u>	<u>2017</u>	<u>Change (%)</u>
The Company	144.90	130.61	10.94%
Consolidated	161.17	120.28	34.00%

The Company:

The Company's profit before corporate income tax for the three-month period ended September 30, 2018 increased by Baht 22.51 million against the corresponding period last year. The increase in the Company's profit was mainly attributed to the increase in profit before corporate income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 9.99 million and increase in profit before corporate income tax of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 12.52 million.

Revenues from hotel operation of SLBK increased by Baht 11.04 million from Baht 456.61 million to Baht 467.65 million during the same period last year due to the increase in food & beverages revenues and other revenues due to MICE business and higher banqueting revenue. Gross profit increased by Baht 2.58 million. Selling expenses decreased by Baht 1.91 million whereas administrative expenses increased by Baht 2.26 million. Depreciation expenses decreased by Baht 0.53 million against the same period last year. Finance cost decreased by Baht 3.00 million due to strengthening of the Thai Baht currency against US Dollar. As a result, the profit before corporate income tax increased by Baht 9.99 million from Baht 151.26 million to Baht 161.25 million.

Revenues from hotel operation of SLCM increased by Baht 8.64 million from Baht 114.48 million to Baht 123.12 million during the same period last year. Gross profit increased by Baht 5.53 million. Selling expenses decreased by Baht 1.25 million whereas administrative expenses increased by Baht 2.72 million. Depreciation expenses decreased by Baht 8.39 million against the same period last year. As a result, the profit before corporate income tax increased by Baht 12.52 million from Baht 7.34 million to Baht 19.86 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM increased by Baht 22.51 million from Baht 158.60 million to Baht 181.11 million. The corporate income tax increased by Baht 8.22 million. As a result, the Company recorded a net profit after tax of Baht 144.90 million for the three-month period ended September 30, 2018 from a profit of Baht 130.61 million against the corresponding period last year (increased by 10.94%).

Consolidated:

The consolidated profit before corporate income tax for the three-month period ended September 30, 2018 increased by Baht 50.49 million against the corresponding period last year. The increase in consolidated profit before corporate income tax was due to the increase in the Company's profit before corporate income tax of Baht 22.51 million whereas profit of subsidiaries increased by Baht 27.98 million which was largely due to exchange gain from loan to a related company. The corporate income tax increased by Baht 9.61 million. Overall, the consolidated net profit after tax attributable to the equity holders of the company for the three-month period ended September 30, 2018 increased by Baht 40.89 million against the corresponding period last year (increased by 34.00%).

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Net profit after corporate income tax for the nine-month period ended September 30, 2018 and 2017:

(Baht in million)	<u>2018</u>	<u>2017</u>	<u>Change (%)</u>
The Company	512.73	422.20	21.44%
Consolidated	584.20	355.15	64.49%

The Company:

The Company's profit before corporate income tax for the nine-month period ended September 30, 2018 increased by Baht 117.82 million against the corresponding period last year. The increase in the Company's profit was mainly attributed to the increase in profit before corporate income tax of SLBK by Baht 75.56 million and increase in profit of SLCM by Baht 42.26 million.

Revenues from hotel operation of SLBK increased by Baht 146.38 million from Baht 1,327.69 million to Baht 1,474.07 million during the same period last year due to the increase in room and food & beverages and other revenues which resulted from higher occupancy. Gross profit increased by Baht 114.22 million. Selling expenses increased by Baht 1.01 million and administrative expenses increased by Baht 14.14 million. Depreciation expenses decreased by Baht 0.09 million against the same period last year. Finance cost increased by Baht 31.95 million mainly due to weakening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax increased by Baht 75.56 million from Baht 482.30 million to Baht 557.86 million.

Revenues from hotel operation of SLCM increased by Baht 27.02 million from Baht 355.77 million to Baht 382.79 million during the same period last year. Gross profit increased by Baht 18.36 million. Selling expenses increased by Baht 1.35 million and administrative expenses increased by Baht 0.64 million. Depreciation expenses decreased by Baht 24.02 million against the same period last year. As a result, the profit before corporate income tax increased by Baht 42.26 million from Baht 40.63 million to Baht 82.89 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM increased by Baht 117.82 million from Baht 522.93 million to Baht 640.75 million. The corporate income tax increased by Baht 27.29 million. As a result, the Company recorded a net profit after tax of Baht 512.73 million for the nine-month period ended September 30, 2018 from a profit of Baht 422.20 million against the corresponding period last year (increased by 21.44%).

Consolidated:

The consolidated profit before corporate income tax for the nine-month period ended September 30, 2018 increased by Baht 258.84 million against the corresponding period last year. The increase in consolidated profit before corporate income tax was due to the increase in the Company's profit before corporate income tax of Baht 117.82 million and increase in profit from subsidiaries by Baht 141.02 million. The increase in profit of subsidiaries was largely due to exchange gain from loan to a related company. As a result, the corporate income tax increased by Baht 29.80 million. Overall, the consolidated net profit after tax attributable to the equity holders of the company for the nine-month period ended September 30, 2018 increased by Baht 229.05 million against the corresponding period last year (increased by 64.49%).

Yours faithfully,

Mrs. Pavinee Meensuk
Director and Company Secretary

Headline: Reviewed Quarter 3 and Consolidated F/S (F45-3)

Security Symbol: SHANG

Announcement Details

The Company and Consolidated Financial Statement (F45-3)

Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED			
Quarter	Quarter 3			

(In thousands)

The Consolidated Financial Statement

	Quarter 3		For 9 Months	
Status	Reviewed		Reviewed	
Ending	30 September		30 September	
Year	2018	2017	2018	2017
Net profit (loss)	161,170	120,282	584,202	355,150
EPS (baht)	1.24	0.93	4.49	2.73

The Company Financial Statement

	Quarter 3		For 9 Months	
Status	Reviewed		Reviewed	
Ending	30 September		30 September	
Year	2018	2017	2018	2017
Net profit (loss)	144,902	130,614	512,729	422,198
EPS (baht)	1.11	1.00	3.94	3.25

Type of report	Unqualified opinion
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Please see details in financial statements, auditor's report and remarks from SET SMART

"The company hereby certifies that the information above is correct and complete. In addition, the company has already reported and disseminated its financial statements in full via the SET Electronic Listed Company Information Disclosure (SET Portal), and has also submitted the original report to the Securities and Exchange Commission."

Signature _____

(Mrs. Pavinee Meensuk)

Director and Company Secretary

Authorized Persons to Disclose Information

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