

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries

Review report and interim consolidated financial statements
For the three-month and six-month periods ended
30 June 2017

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 June 2017, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2017, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-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.

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*.



Rosaporn Decharkom

Certified Public Accountant (Thailand) No. 5659

EY Office Limited

Bangkok: 8 August 2017

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2017

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2017	31 December 2016	30 June 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	579,746	669,770	39,543	18,206
Current investment - short-term fixed deposit		12,948	12,885	-	-
Trade and other receivables	4	582,251	671,732	184,456	182,268
Inventories		122,889	114,938	-	-
Property development cost	6	3,580,112	3,539,955	120,782	120,224
Other current assets		157,552	156,820	20,358	20,638
Total current assets		5,035,498	5,166,100	365,139	341,336
Non-current assets					
Long-term restricted deposit at financial institution		41	41	-	-
Long-term fixed deposit		2,178	2,178	2,178	2,178
Long-term trade accounts receivable	7	330,953	393,401	-	-
Investments in subsidiaries	8	-	-	4,269,026	4,269,026
Investments in associates	9	1,039,374	1,082,788	777,454	777,454
Other long-term investments	10	606,365	606,365	-	-
Long-term loans to subsidiaries	5	-	-	939,001	1,116,001
Investment properties	11	1,152,285	1,149,511	186,037	186,038
Property, plant and equipment	12	11,649,015	11,742,224	61,617	55,672
Deferred tax assets		79,029	83,964	-	-
Goodwill		407,904	407,904	-	-
Leasehold rights		12,845	14,206	-	-
Other non-current assets		76,629	76,666	1,300	1,301
Total non-current assets		15,356,618	15,559,248	6,236,613	6,407,670
Total assets		20,392,116	20,725,348	6,601,752	6,749,006

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 June 2017

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>30 June 2017</u>	<u>31 December 2016</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	510,000	515,000	260,000	265,000
Trade and other payables	14	679,463	819,842	44,716	34,285
Current portion of long-term loans from financial institutions	16	637,500	590,860	500	-
Income tax payable		37,931	43,802	-	-
Advance received from customers		418,329	391,617	183	491
Other current liabilities	15	160,521	163,640	34,892	9,822
Total current liabilities		2,443,744	2,524,761	340,291	309,598
Non-current liabilities					
Long-term loans from subsidiaries	5	-	-	562,680	746,680
Long-term loans from financial institutions					
- net of current portion	16	2,298,774	2,456,961	74,375	-
Unsecured debenture	17	496,938	495,913	-	-
Provision for long-term employee benefits		60,931	59,611	15,100	14,906
Long-term provision - provision for legal case	25	40,795	40,575	-	-
Deferred tax liabilities		2,342,220	2,356,960	105,369	107,471
Other non-current liabilities		108,404	105,265	5,568	5,742
Total non-current liabilities		5,348,062	5,515,285	763,092	874,799
Total liabilities		7,791,806	8,040,046	1,103,383	1,184,397
Shareholders' equity					
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		2,867,485	2,952,374	1,414,687	1,480,927
Other components of shareholders' equity		4,937,210	4,935,427	142,719	142,719
Equity attributable to owner of the Company		12,313,789	12,396,895	5,498,369	5,564,609
Equity attributable to non-controlling interests of the subsidiaries		286,521	288,407	-	-
Total shareholders' equity		12,600,310	12,685,302	5,498,369	5,564,609
Total liabilities and shareholders' equity		20,392,116	20,725,348	6,601,752	6,749,006

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

Directors

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 30 June 2017

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

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenue					
Revenue from hotel operations		756,299	680,401	4,786	6,812
Revenue from property development operations		174,731	374,305	-	89
Revenue from office rental operations		24,849	23,636	5,731	6,349
Interest income		10,249	11,482	15,305	18,944
Other income		1,595	24,242	32,264	30,579
Total revenue		967,723	1,114,066	58,086	62,773
Expenses					
Cost of hotel operations		484,242	436,369	10,237	5,207
Cost of property development operations		125,086	224,400	-	-
Cost of office rental operations		11,516	15,297	1,628	1,726
Selling expenses		94,787	96,658	95	104
Administrative expenses		330,929	323,174	40,606	40,406
Total expenses		1,046,560	1,095,898	52,566	47,443
Profit (loss) before share of loss from investments					
in associates, finance cost and income tax expenses		(78,837)	18,168	5,520	15,330
Share of loss from investments in associates	9	(20,931)	(14,659)	-	-
Profit (loss) before finance cost and income tax expenses		(99,768)	3,509	5,520	15,330
Finance cost		(42,330)	(48,283)	(12,595)	(15,439)
Loss before income tax expenses		(142,098)	(44,774)	(7,075)	(109)
Income tax expenses	18	(12,484)	(5,151)	1,002	4,371
Profit (loss) for the period		(154,582)	(49,925)	(6,073)	4,262
Profit (loss) attributable to:					
Equity holders of the Company		(151,978)	(48,819)	(6,073)	4,262
Non-controlling interests of the subsidiaries		(2,604)	(1,106)		
		(154,582)	(49,925)		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	19	(0.91)	(0.29)	(0.04)	0.03

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 June 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit (loss) for the period		<u>(154,582)</u>	<u>(49,925)</u>	<u>(6,073)</u>	<u>4,262</u>
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		841	(2,141)	-	-
Unrealised gain on available-for-sales security,					
net of income tax		-	21,652	-	21,652
Share of other comprehensive income (loss) of associates	9	7,532	(16,125)	-	-
Other comprehensive income (loss) for the period		<u>8,373</u>	<u>3,386</u>	<u>-</u>	<u>21,652</u>
Total comprehensive income (loss) for the period		<u>(146,209)</u>	<u>(46,539)</u>	<u>(6,073)</u>	<u>25,914</u>
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(143,504)	(45,347)	(6,073)	25,914
Non-controlling interests of the subsidiaries		(2,705)	(1,192)		
		<u>(146,209)</u>	<u>(46,539)</u>		

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the six-month period ended 30 June 2017

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

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenue					
Revenue from hotel operations		1,927,617	1,859,416	25,959	23,759
Revenue from property development operations		319,485	811,612	-	99,350
Revenue from office rental operations		50,897	44,974	11,498	12,949
Interest income		19,125	22,820	31,767	37,912
Other income		6,479	27,446	46,028	40,528
Total revenue		2,323,603	2,766,268	115,252	214,498
Expenses					
Cost of hotel operations		1,054,533	1,012,205	21,396	18,043
Cost of property development operations		213,194	509,473	-	53,943
Cost of office rental operations		25,694	27,759	3,276	3,451
Selling expenses		189,761	194,745	156	5,312
Administrative expenses		734,109	675,954	89,181	80,110
Total expenses		2,217,291	2,420,136	114,009	160,859
Profit before share of loss from investments					
in associates, finance cost and income tax expenses		106,312	346,132	1,243	53,639
Share of loss from investments in associates	9	(21,997)	(30,447)	-	-
Profit before finance cost and income tax expenses		84,315	315,685	1,243	53,639
Finance cost		(89,337)	(99,479)	(26,247)	(30,585)
Profit (loss) before income tax expenses		(5,022)	216,206	(25,004)	23,054
Income tax expenses	18	(38,603)	(69,555)	2,101	(212)
Profit (loss) for the period		(43,625)	146,651	(22,903)	22,842
Profit (loss) attributable to:					
Equity holders of the Company		(41,552)	140,894	(22,903)	22,842
Non-controlling interests of the subsidiaries		(2,073)	5,757		
		(43,625)	146,651		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	19	(0.25)	0.85	(0.14)	0.14

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 six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit (loss) for the period		(43,625)	146,651	(22,903)	22,842
Other comprehensive income (loss):					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		4,834	(1,685)	-	-
Unrealised gain on available-for-sales security, net of income tax		-	58,769	-	58,769
Share of other comprehensive income (loss) of associates	9	(2,864)	(20,590)	-	-
Other comprehensive income (loss) for the period		1,970	36,494	-	58,769
Total comprehensive income (loss) for the period		(41,655)	183,145	(22,903)	81,611
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(39,769)	176,899	(22,903)	81,611
Non-controlling interests of the subsidiaries		(1,886)	6,246		
		(41,655)	183,145		

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

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(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

Separate financial statements

	Other components of shareholders' equity							
	Issued and fully paid-up share capital	Retained earnings			Other comprehensive income		Total other components of shareholders' equity	
		Share premium	Appropriated -		Revaluation surplus on assets	Unrealised gain on available-for-sales security		
			Statutory reserve	Unappropriated				
Balance as at 1 January 2016	1,666,827	2,062,461	211,675	908,790	136,986	395,730	532,716	5,382,469
Profit for the period	-	-	-	22,842	-	-	-	22,842
Other comprehensive income (loss) for the period	-	-	-	-	-	58,769	58,769	58,769
Total comprehensive income (loss) for the period	-	-	-	22,842	-	58,769	58,769	81,611
Dividend paid (Note 20)	-	-	-	(60,005)	-	-	-	(60,005)
Balance as at 30 June 2016	1,666,827	2,062,461	211,675	871,627	136,986	454,499	591,485	5,404,075
Balance as at 1 January 2017	1,666,827	2,062,461	211,675	1,480,927	142,719	-	142,719	5,564,609
Loss for the period	-	-	-	(22,903)	-	-	-	(22,903)
Total comprehensive income (loss) for the period	-	-	-	(22,903)	-	-	-	(22,903)
Dividend paid (Note 20)	-	-	-	(43,337)	-	-	-	(43,337)
Balance as at 30 June 2017	1,666,827	2,062,461	211,675	1,414,687	142,719	-	142,719	5,498,369

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) before income tax expenses	(5,022)	216,206	(25,004)	23,054
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	177,053	165,542	3,572	2,652
Amortisation of leasehold rights	1,285	2,675	-	-
Amortisation of transaction costs related to debenture issuance	1,025	1,025	-	-
Allowance for doubtful accounts (reversal)	(9,914)	2,443	1,915	(1,117)
Reduction of inventory to net realisable value	935	267	-	-
Share of loss from investments in associates	21,997	30,447	-	-
Loss (gain) on sale of property, plant and equipment	84	131	(19)	3
Write off property, plant and equipment	282	100	-	-
Dividend income from other long-term investment	-	(20,878)	-	(20,878)
Dividend income from investment in associate	-	-	(18,553)	-
Provision for long-term employee benefit	2,676	2,665	193	324
Unrealised gain on exchange rate	-	(6)	-	-
Provision for loss on compensation claim	219	220	-	-
Forfeited money from property units	(12,522)	-	-	-
Interest income	(19,125)	(22,820)	(31,767)	(37,912)
Interest expenses	89,337	99,479	26,247	30,585
Profit (loss) from operating activities before changes in operating assets and liabilities	248,310	477,496	(43,416)	(3,289)
Operating assets (increase) decrease				
Trade and other receivables	99,408	(434)	5,327	(22,695)
Inventories	(8,886)	1,025	-	-
Property development cost	(22,184)	284,237	(557)	53,943
Other current assets	1,765	(5,808)	391	(5,648)
Long-term trade accounts receivable	62,447	28,058	-	-
Other non-current assets	38	(7,400)	1	47
Operating liabilities increase (decrease)				
Trade and other payables	(140,120)	(247,352)	5,098	(6,962)
Advance received from customers	26,712	(134,343)	(308)	12,090
Other current liabilities	(3,085)	29,274	25,071	5,240
Provision for long-term employee benefits	(1,356)	(3,536)	-	(250)
Other non-current liabilities	3,139	4,009	(175)	229
Cash flows from (used in) operating activities	266,188	425,226	(8,568)	32,705
Cash received for interest income	19,111	22,791	22,337	37,064
Cash paid for interest expenses	(95,046)	(106,124)	(20,915)	(29,303)
Cash paid for income tax	(56,776)	(76,261)	(110)	(1,279)
Net cash flows from (used in) operating activities	133,477	265,632	(7,256)	39,187

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities				
Decrease in short-term restricted deposit at financial institution	-	47,414	-	-
Increase in current investment - short-term fixed deposit	(63)	(2,101)	-	-
Cash received from long-term loans to subsidiaries	-	-	511,500	219,600
Cash paid for long-term loans to subsidiaries	-	-	(334,500)	(317,600)
Cash paid for long-term loan to related company	-	(2,205)	-	-
Cash paid for acquisition of investment properties	(2,774)	(97)	-	(7)
Cash received from sales of property, plant and equipment	570	85	19	2
Cash paid for acquisition of property, plant and equipment	(86,621)	(142,931)	(9,517)	(4,146)
Dividend received from investment in associate	18,553	-	18,553	-
Dividend received from other long-term investment	-	20,878	-	20,878
Net cash flows from (used in) investing activities	<u>(70,335)</u>	<u>(78,957)</u>	<u>186,055</u>	<u>(81,273)</u>
Cash flows from financing activities				
Payment of dividends	(43,337)	(60,005)	(43,337)	(60,005)
Decrease in short-term loans from financial institutions	(5,000)	(194,804)	(5,000)	-
Draw down of long-term loans from subsidiaries	-	-	163,000	325,000
Repayment of long-term loans from subsidiaries	-	-	(347,000)	(191,100)
Draw down of long-term loans from financial institutions	229,058	68,000	75,000	-
Repayment of long-term loans from financial institutions	(340,605)	(292,958)	(125)	(35,000)
Net cash flows from (used in) financing activities	<u>(159,884)</u>	<u>(479,767)</u>	<u>(157,462)</u>	<u>38,895</u>
Net exchange differences on translation of financial statements in foreign currency	6,718	(2,272)	-	-
Net increase (decrease) in cash and cash equivalents	<u>(90,024)</u>	<u>(295,364)</u>	<u>21,337</u>	<u>(3,191)</u>
Cash and cash equivalents at beginning of period	669,770	859,881	18,206	25,641
Cash and cash equivalents at end of period	<u>579,746</u>	<u>564,517</u>	<u>39,543</u>	<u>22,450</u>
Supplemental cash flows information				
Non-cash items				
Share of other comprehensive income (loss) of associates	(2,864)	(20,590)	-	-
Transferred property, plant and equipment to property development cost	-	31,198	-	-
Reversal of revaluation surplus on disposal of assets	-	4,291	-	-
Interest recorded as property development cost	5,450	7,190	-	-

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2017

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 four hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Angsana Villas Resort Phuket and Cassia Phuket, 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 and Laguna Golf Bintan), sales of merchandise (Banyan Tree Gallery), office and shop rental and sale of holiday club memberships.

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) 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 2016. There have been no changes in the composition of the subsidiaries during the current period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 and its subsidiaries' financial statements.

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 2016.

3. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
Cash	4,960	7,712	130	144
Bank deposits	574,786	662,058	39,413	18,062
Total	579,746	669,770	39,543	18,206

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	212,323	290,920	7,831	8,034
Less: Allowance for doubtful accounts	(39,587)	(52,436)	(3,474)	(1,559)
Trade accounts receivable - hotel operations, net	172,736	238,484	4,357	6,475
Trade accounts receivable - sales of property				
- Installments due	11,782	41,083	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	202,736	204,135	-	-
Trade accounts receivable - sales of property, net	214,518	245,218	-	-
Trade accounts receivable - sales of holiday club				
memberships - installments due and trade account				
receivable from sales and marketing service for				
holiday club memberships	90,172	93,485	-	-
Current portion of long-term trade				
accounts receivable (Note 7)	5,456	5,481	-	-
Trade accounts receivable - sales of holiday club				
memberships and sales and marketing service for				
holiday club memberships, net	95,628	98,966	-	-
Trade accounts receivable - net	482,882	582,668	4,357	6,475
<u>Other receivables</u>				
Amounts due from related parties (Note 5)	50,521	39,455	154,746	158,582
Other receivables	20,649	30,335	133	341
Insurance claim receivable	2,046	98	-	-
Accrued other income	1,044	2,431	159	175
Interest receivable	99	86	51	37
Accrued rental income	25,010	16,659	25,010	16,658
Total other receivables	99,369	89,064	180,099	175,793
Trade and other receivables, net	582,251	671,732	184,456	182,268

(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 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Age of receivables</u>				
Not yet due	85,552	126,587	1,696	163
Past due				
Up to 30 days	43,760	68,472	300	312
31 - 60 days	15,077	11,368	240	306
61 - 90 days	7,225	10,584	251	2,297
91 - 120 days	6,579	1,898	203	310
Over 120 days	54,130	72,011	5,141	4,646
Total	212,323	290,920	7,831	8,034
Less: Allowance for doubtful debts	(39,587)	(52,436)	(3,474)	(1,559)
Trade accounts receivable - hotel operations, net	172,736	238,484	4,357	6,475

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Age of receivables</u>				
Not yet due	189,785	222,918	-	-
Past due				
Up to 30 days	7,589	7,460	-	-
31 - 60 days	4,767	4,503	-	-
61 - 90 days	3,108	2,738	-	-
91 - 120 days	2,045	1,900	-	-
Over 120 days	7,224	5,699	-	-
Trade accounts receivable - sales of property - net	214,518	245,218	-	-

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<u>Age of receivables</u>				
Not yet due	8,567	17,900	-	-
Past due				
Up to 30 days	444	18,415	-	-
31 - 60 days	1,179	4,972	-	-
61 - 90 days	34	5,883	-	-
91 - 120 days	1,701	6,923	-	-
Over 120 days	78,247	39,392	-	-
Trade accounts receivable - sales of holiday club memberships - installments due and trade account receivable from sales and marketing service for holiday club memberships - net	90,172	93,485	-	-

5. Related party transactions

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

(Unit: Million Baht)

	For the three-month period ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	1	-	(3) agreed basis
Guarantee fee expenses	-	-	-	-	(3) agreed basis
Interest income	-	-	15	19	(5) agreement
Interest expenses	-	-	9	13	(5) agreement
Management fee income	-	-	15	9	(4), (7) agreement
Reimbursement receipts	-	-	-	1	(11) agreed basis
Reimbursement payments	-	-	2	2	(11) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month period ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Rental and service income	-	-	2	2	(12)(iii) agreement
Rental and service expenses	-	-	1	1	(12)(iv), (v) agreement
Resort service expenses	-	-	2	3	(14) agreed basis
<u>Transactions with associates</u>					
Inter resort receipts	1	-	-	-	(1) agreed basis
Sale of goods	1	-	-	-	(9) agreed basis
Dividend income	-	-	19	-	As declared
Reimbursement receipts	1	-	-	-	(11) agreed basis
Rental and service income	5	-	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	18	19	-	-	(1) agreed basis
Management fee income	-	1	1	-	(16), (17) agreement
Management fee expenses	57	54	2	-	(6), (15), (18) agreement
Purchase of spa & gallery vouchers (return)	(1)	2	-	1	(2), (8) agreed basis
Sale of goods	3	4	-	-	(9) agreed basis
Reimbursement receipts	13	25	1	1	(11) agreed basis
Reimbursement payments	11	12	2	1	(11) agreed basis
Rental and service income	8	10	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	1	-	-	-	(13) agreement
Resort service income	1	2	-	-	(14) agreed basis
Training charges	4	4	-	-	(10) agreed basis

(Unit: Million Baht)

	For the six-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Guarantee fee income	-	-	1	-	(3) agreed basis
Guarantee fee expenses	-	-	1	-	(3) agreed basis
Interest income	-	-	31	38	(5) agreement
Interest expenses	-	-	20	26	(5) agreement
Management fee income	-	-	26	18	(4), (7) agreement
Reimbursement receipts	-	-	4	2	(11) agreed basis
Reimbursement payments	-	-	5	5	(11) agreed basis
Rental and service income	-	-	3	4	(12)(iii) agreement

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Rental and service expenses	-	-	3	3	(12)(iv), (v) agreement
Resort service expenses	-	-	3	4	(14) agreed basis
<u>Transactions with associates</u>					
Inter resort receipts	1	-	-	-	(1) agreed basis
Reimbursement payments	-	1	-	-	(11) agreed basis
Sale of goods	1	-	-	-	(9) agreed basis
Dividend income	-	-	19	-	As declared
Reimbursement receipts	2	-	-	-	(11) agreed basis
Rental and service income	10	-	-	-	(12)(iv) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	41	44	-	-	(1) agreed basis
Management fee income	1	1	1	-	(16), (17) agreement
Management fee expenses	143	155	2	-	(6), (15), (18) agreement
Purchase of spa & gallery vouchers	7	7	2	2	(2), (8) agreed basis
Sale of goods	10	11	-	-	(9) agreed basis
Reimbursement receipts	25	48	3	2	(11) agreed basis
Reimbursement payments	25	23	5	3	(11) agreed basis
Rental and service income	15	22	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	2	4	-	-	(13) agreement
Resort service income	3	4	-	-	(14) agreed basis
Training charges	6	6	-	-	(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 charged by the working hours and project management service is charged as Note (7).
- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 21 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

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

- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited), Cassia Phuket (Phuket Resort Development Limited) and Angsana Villas Resort Phuket (Laguna Village Limited) pay a royalty fee of 2% of total revenue.
- (ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.
- (iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte. Ltd. pay a royalty fee of 1% of total revenue.

Hotel management and technical assistance fees.

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

(Unaudited but reviewed)

- (v) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit. Cassia Phuket and Angsana Villas Resort Phuket pay a hotel management fee of 7.5% of gross operating profit.
- (vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana and/or Cassia corporate head office shall be charged as follows:
 - Group marketing services shared on a group basis are based on 3% of total actual hotel revenue. The rate has been reduced to 2% of total actual hotel revenue since 1 July 2016.
 - Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

All management fees are consistent with industry practice and the sharing of group marketing costs incurred by Banyan Tree Phuket, Banyan Tree Bangkok, Angsana Laguna Phuket, Angsana Villas Resort Phuket and Cassia 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.

(Unaudited but reviewed)

- (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)	2 years	December 2017

BGL : Bangtao Grande Limited

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

LBTL : Laguna Banyan Tree Limited

- (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 Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.
- (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 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.

(Unaudited but reviewed)

- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.
- (14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:
- Water supply : at the determined price and actual usage
 - Laundry charge : at the price based on cost plus a certain margin
 - Common area services, : based on actual cost
transportation charges
 - Staff buses : at the price based on cost plus a certain margin
 - Marketing fee : at the rate of 0.75% of the operations' actual
revenue
 - Community service : based on actual cost
 - Other services : at the determined price and actual usage
- (15) This relates to architectural and interior design services which the fees are based on construction cost at progressive rates which depend on type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.
- (16) 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.
- (17) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15% of gross operating profit.
- (18) This relates to project management services which the fees are based on 10% mark up of actual working hours in providing the service and included all cost.

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

(Unit: Million Baht)

	30 June 2017	31 December 2016
Overdrafts and bank guarantee facilities	106	106

(Unaudited but reviewed)

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

(Unit: Million Baht)

	30 June 2017	31 December 2016
Short-term loan facilities	150	150
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	20

As at 30 June 2017 and 31 December 2016 the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Amounts due from related parties				
Subsidiaries	-	-	150,788	156,971
Associated companies	5,659	4,140	-	-
Related companies (related by common shareholders)	44,862	35,315	3,958	1,611
Total amounts due from related parties (Note 4)	50,521	39,455	154,746	158,582
Amounts due to related parties				
Subsidiaries	-	-	18,295	12,138
Associated companies	387	376	-	-
Related companies (related by common shareholders)	77,521	105,207	5,802	2,891
Total amounts due to related parties (Note 14)	77,908	105,583	24,097	15,029

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

As at 30 June 2017 and 31 December 2016, the balance of loans between the Company and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements		
	31 December 2016	Addition	Repayment
			30 June 2017
Laguna Banyan Tree Limited	659,100	146,000	(251,000)
Laguna Holiday Club Limited	1,000	26,000	(2,000)
Laguna Lakes Limited	324,301	11,000	(42,000)
Laguna Grande Limited	131,600	151,500	(216,500)
Total	1,116,001	334,500	(511,500)

(Unaudited but reviewed)

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December		30 June	
	2016	Addition	Repayment	2017
Laguna Holiday Club Limited	-	29,000	(29,000)	-
Laguna (3) Limited	24,000	-	-	24,000
TWR-Holdings Limited	722,680	134,000	(318,000)	538,680
Total	746,680	163,000	(347,000)	562,680

Directors and management's benefits

During the six-month periods ended 30 June 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	52,786	50,540	32,147	34,038
Post-employment benefits	1,419	1,210	779	712
Other long-term employee benefits	19	22	11	14
Total	54,224	51,772	32,937	34,764

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 22 b).

6. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
Property for sale under holiday club memberships	412,080	414,537	-	-
Completed buildings	480,973	461,796	-	-
Land	1,685,518	1,699,661	111,429	111,429
Property under construction	1,001,541	963,961	9,353	8,795
Total	3,580,112	3,539,955	120,782	120,224

(Unaudited but reviewed)

Subsidiaries have mortgaged property development cost amounting to Baht 1,032 million (31 December 2016: Baht 1,029 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% - 12% and MLR plus 0.5% per annum and installments are repaid over a period of 2 to 10 years.
- 7.2 Installments receivable from sales of holiday club memberships which bear interest at rates of 8% - 9% 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 June 2017	31 December 2016
Current portion of long-term trade accounts receivable	208,192	209,616
Long-term trade accounts receivable	330,953	393,401
Total	539,145	603,017
Sales of property		
Within 1 year (Note 4)	202,736	204,135
Over 1 year to 5 years	326,407	389,862
Over 5 years	1,107	588
Long-term trade accounts receivable - sales of property	530,250	594,585
Sales of holiday club memberships		
Within 1 year (Note 4)	5,456	5,481
Over 1 year to 5 years	3,439	2,951
Long-term trade accounts receivable - sales of holiday club memberships	8,895	8,432
Total	539,145	603,017

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 June	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>						
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 ⁽¹⁾	1,500.0	1,500.0	100.0	100.0	1,325.1	1,325.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited	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 ⁽²⁾	90.5	90.5	72.9	72.9	22.4	22.4
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8
TWR - Holdings Limited	1,550.0	1,550.0	100.0	100.0	1,550.0	1,550.0
<u>Subsidiaries held through TWR - Holdings Limited</u>						
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-
Pai Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-
Phuket Resort Development Limited	100.0	100.0	100.0	100.0	-	-
PT AVC Indonesia	USD 2.3 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	-	-
<u>Subsidiaries held through Laguna Grande Limited</u>						
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	-	-
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u>						
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousands	USD 75 Thousands	51.0	51.0	-	-
<u>Subsidiary held through Laguna Holiday Club Limited</u>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
Total investments in subsidiaries					<u>4,269.0</u>	<u>4,269.0</u>

(1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through Bangtao Grande Limited

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

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.

(Unaudited but reviewed)

9. Investments in associates

9.1 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 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
			(%)	(%)				
Lijiang Banyan Tree Hotel Co. Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	258,402	305,334
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
					-	-	-	-
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454	780,972	777,454
Total investments in associates - net					1,125,868	1,125,868	1,039,374	1,082,788

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016
			(%)	(%)		
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	10.03	777,454	777,454
Total					777,454	777,454

9.2 Share of comprehensive income (loss) and dividend received

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Share of loss from investments in associates				Share of other comprehensive income (loss) from investments in associates			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016
Lijiang Banyan Tree Hotel Co., Ltd.	(31,596)	(14,659)	(46,204)	(30,447)	8,945	(16,125)	(728)	(20,590)
Thai Wah Public Company Limited	10,665	-	24,207	-	(1,413)	-	(2,136)	-
Total	(20,931)	(14,659)	(21,997)	(30,447)	7,532	(16,125)	(2,864)	(20,590)

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Dividend received			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
Thai Wah Public Company Limited	18,553	-	18,553	-
Total	18,553	-	18,553	-

(Unaudited but reviewed)

9.3 Fair value investments in a listed associate

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

Associate	Fair values as at	
	30 June 2017	31 December 2016
Thai Wah Public Company Limited	835	826

10. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2017	31 December 2016
Investments in other companies		
Bibace Investments Ltd.	188,425	188,425
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940
Total other long-term investments	606,365	606,365

11. Investment properties

As at 30 June 2017, the subsidiaries have pledged investment properties amounting to approximately Baht 663 million (31 December 2016: Baht 663 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 25.

12. Property, plant and equipment

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
At cost / revaluation value		
Balance as at 31 December 2016	16,178,831	142,322
Additions	86,621	9,517
Disposals and write off	(11,884)	(85)
Adjustments	(2,090)	-
Balance as at 30 June 2017	16,251,478	151,754

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Accumulated depreciation		
Balance as at 31 December 2016	(4,431,514)	(86,650)
Depreciation charged for the period	(177,138)	(3,572)
Disposals and write off	10,948	85
Adjustments	249	-
Balance as at 30 June 2017	(4,597,455)	(90,137)
Allowance for impairment loss		
Balance as at 31 December 2016	(5,093)	-
Adjustments	85	-
Balance as at 30 June 2017	(5,008)	-
Net book value		
Balance as at 31 December 2016	11,742,224	55,672
Balance as at 30 June 2017	11,649,015	61,617

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

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

The subsidiaries have mortgaged land and buildings at fair value of Baht 7,379 million (31 December 2016: Baht 7,824 million) as collateral against credit facilities received from financial institutions.

13. Short-term loans from financial institutions

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months. Short-term loans from financial institutions carry interest rate of 3.63% per annum (31 December 2016: 3.63% to 5.00%).

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

(Unaudited but reviewed)

14. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
Trade accounts payable	197,067	316,377	1,463	927
Amounts due to related parties (Note 5)	77,908	105,583	24,097	15,029
Accrued expenses	181,661	164,454	9,593	10,686
Other payables	106,354	100,181	44	114
Service charge payable to hotel staff	15,242	36,128	-	-
Accrued rental to villa owners	101,231	97,119	9,519	7,529
Total	679,463	819,842	44,716	34,285

15. Other current liabilities

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
Value added tax payable	42,743	56,478	2,779	4,086
Unearned income	49,098	39,709	27,395	-
Other tax payable	61,383	57,248	3,668	4,686
Short-term provision	7,297	10,205	1,050	1,050
Total	160,521	163,640	34,892	9,822

16. Long-term loans from financial institutions

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
Secured	2,936,274	3,047,821	74,875	-
Long-term loans are repayable as follows:				
Within 1 year	637,500	590,860	500	-
Over 1 year to 5 years	2,043,100	2,125,182	21,625	-
Over 5 years	255,674	331,779	52,750	-
	2,298,774	2,456,961	74,375	-
Total	2,936,274	3,047,821	74,875	-

(Unaudited but reviewed)

Movements in the long-term loans account during the six-month period ended 30 June 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2016	3,047,821	-
Add: Drawdown	229,058	75,000
Less: Repayments	(340,605)	(125)
Balance as at 30 June 2017	2,936,274	74,875

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 June 2017, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 243 million (31 December 2016: Baht 472 million).

17. Unsecured debenture

(Unit: Thousand Baht)

				Consolidated financial statements	
				30 June 2017	31 December 2016
Debenture	Interest rate	Terms	Due date		
Debenture No. 1/2015	5.15% p.a.	3 years	24 December 2018	500,000	500,000
Total debenture, at face value				500,000	500,000
Less: Unamortised portion of deferred transaction costs				(3,062)	(4,087)
Debenture - net				496,938	495,913

Under rights and responsibilities of debenture issuer, the subsidiary has to comply with certain covenants and restrictions including maintenance of a debt to equity ratio of the financial statements at the rate prescribed in the prospectus.

18. 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 six-month periods ended 30 June 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	11,457	14,765	-	-
Adjustment in respect of current income tax of previous year	(289)	(2,353)	-	-
Write off prepaid withholding tax	4,945	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,629)	(7,261)	(1,002)	(4,371)
Income tax expense reported in the income statement	12,484	5,151	(1,002)	(4,371)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	45,230	55,119	-	-
Adjustment in respect of current income tax of previous year	(289)	(1,652)	-	-
Write off prepaid withholding tax	4,945	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,283)	16,088	(2,101)	212
Income tax expense reported in the income statement	38,603	69,555	(2,101)	212

19. Earnings per share

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

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(151,978)	(48,819)	(6,073)	4,262
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.91)	(0.29)	(0.04)	0.03
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(41,552)	140,894	(22,903)	22,842
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.25)	0.85	(0.14)	0.14

20. Dividend

Dividend declared in six-month periods ended 30 June 2017 and 2016 consist of:

	Approved by	Dividend per	
		Total dividends	share
		(Million Baht)	(Baht)
Dividends on 2016 retained earnings	Annual General Meeting of the shareholders on 20 April 2017	43.34	0.26
Dividends on 2015 retained earnings	Annual General Meeting of the shareholders on 26 April 2016	60.01	0.36

21. Commitments

Capital commitment

As at 30 June 2017, the Company and its subsidiaries have capital commitments as follows:

- a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties and office rental amounting to Baht 27 million (31 December 2016: Baht 13 million).
- b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 450 million (31 December 2016: Baht 439 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 June 2017, 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' hotel business. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised below:

(Unaudited but reviewed)

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 – 31.3.2017	- Royalty fee: 3% of total revenue
		Banyan Tree Corporate Pte. Limited	1.4.2017 - 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	1.1.2016 – 31.3.2017	- Royalty fee: 2% of total revenue
		Banyan Tree Corporate Pte. Limited	1.4.2017 - 31.12.2025 (a)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025 (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 - 31.3.2017	- Royalty fee: 3% of total revenue
		Banyan Tree Corporate Pte. Limited	1.4.2017 - 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	Angsana Villas Resort Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.8.2016 - 31.3.2017	- Royalty fee: 2% of total revenue
		Banyan Tree Corporate Pte. Limited	1.4.2017 - 31.7.2041 (c)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.8.2016 - 31.7.2041 (c)	- Management fee: 7.5% of gross operating profit
Phuket Resort Development Limited	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Limited	20.10.2015 - 31.3.2017	- Royalty fee: 2% of total revenue
		Banyan Tree Corporate Pte. Limited	1.4.2017 - 19.10.2040 (c)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040 (c)	- Management fee: 7.5% of gross operating profit

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

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

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

(b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The cash reward options are included fix return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 3 years.

(Unaudited but reviewed)

As at 30 June 2017 and 31 December 2016, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
Payable within:				
In up to 1 year	25	31	6	6
In over 1 and up to 5 years	29	40	15	18

During the six-month period ended 30 June 2017, the Company and its subsidiaries recognised rental expenses of Baht 16 million (30 June 2016: Baht 25 million) (Separate financial statements: Baht 4 million, 30 June 2016: Baht 4 million).

Servitude over land

As at 30 June 2017, some subsidiaries have land servitude of approximately 11 rai (31 December 2016: 10 rai) at Phuket province, which are presented under property development cost and property, plant and equipment.

22. Guarantees

- a) As at 30 June 2017, there are bank guarantees amounting to Baht 53 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 2016: Baht 50 million, Separate financial statements: Baht 2 million).
- b) As at 30 June 2017 and 31 December 2016 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).

23. Segment information

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the periods of three-month and six-month periods ended 30 June 2017 and 2016, respectively.

(Unit: Million Baht)

	For the three-month period ended 30 June 2017				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	805	175	27	-	1,007
Intersegment revenues	(49)	-	(2)	-	(51)
Revenue from external customers	<u>756</u>	<u>175</u>	<u>25</u>	<u>-</u>	<u>956</u>
Results:					
Segment results	<u>(41)</u>	<u>(19)</u>	<u>8</u>	<u>(39)</u>	(91)
Unallocated income					2
Loss from operations and other income					(89)
Interest income	1	9	-	-	10
Finance cost	(26)	(12)	-	(4)	(42)
Share of loss from investments in associates	(31)	(1)	-	11	(21)
Loss before income tax expenses					(142)
Income tax expenses	4	(8)	(2)	(7)	(13)
Loss for the period					<u>(155)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 June 2016					
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	734	375	29	-	1,138
Intersegment revenues	(54)	-	(5)	-	(59)
Revenue from external customers	680	375	24	-	1,079
Results:					
Segment results	(75)	96	3	(41)	(17)
Unallocated income					24
Profit from operations and other income					7
Interest income	1	10	-	1	12
Finance cost	(28)	(17)	-	(3)	(48)
Share of loss from investments in associate	(15)	-	-	-	(15)
Loss before income tax expenses					(44)
Income tax expenses	19	(31)	(1)	8	(5)
Loss for the period					(49)

For the six-month period ended 30 June 2017					
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	2,032	321	56	-	2,409
Intersegment revenues	(104)	(2)	(5)	-	(111)
Revenue from external customers	1,928	319	51	-	2,298
Results:					
Segment results	181	(25)	13	(88)	81
Unallocated income					6
Profit from operations and other income					87
Interest income	1	18	-	-	19
Finance cost	(56)	(26)	-	(7)	(89)
Share of loss from investments in associates	(45)	(1)	-	24	(22)
Loss before income tax expenses					(5)
Income tax expenses	(33)	(11)	(3)	8	(39)
Loss for the period					(44)

(Unaudited but reviewed)

For the six-month period ended 30 June 2016

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	1,966	814	54	-	2,834
Intersegment revenues	(107)	(2)	(9)	-	(118)
Revenue from external customers	<u>1,859</u>	<u>812</u>	<u>45</u>	<u>-</u>	<u>2,716</u>
Results:					
Segment results	<u>172</u>	<u>196</u>	<u>9</u>	<u>(81)</u>	296
Unallocated income					27
Profit from operations and other income					323
Interest income	1	21	-	1	23
Finance cost	(59)	(35)	-	(5)	(99)
Share of loss from investment in associate	(30)	(1)	-	-	(31)
Profit before income tax expenses					216
Income tax expenses	(28)	(55)	(2)	16	(69)
Profit for the period					<u>147</u>

24. Foreign currency risk assets/liabilities

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

	Consolidated financial statements				Separate financial statements					
	Financial assets as at		Financial liabilities as at		Financial assets as at		Financial liabilities as at			
	30	31	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December	June	December
Foreign										
currency	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2	2	-	-	-	-	-	-	33.9412	35.7843

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.

On 27 June 2014, the Phuket Provincial Court 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. On 18 December 2015, the Court has granted the Company's placement of land in Chiang Rai as security for the deposit.

(Unaudited but reviewed)

On 19 April 2016, the Appeal Court has issued judgement ordering the defendants to transfer eight plots of land out of nine plots of land as awarded by the Court of First Instance totaling 4 rai 1 ngan 90.9 square wah to be common property of Allamanda 1 Condominium. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the defendants do not have to compensate the plaintiffs. Moreover, the Appeal Court dismissed the plaint against the 5th to 14th defendants as directors. On 4 October 2016, the defendants submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the defendants also submitted the counter - statement to object the request of submitting the appeal of the plaintiffs.

As at 30 June 2017, subsidiaries have set aside a provision of Baht 40.8 million for liabilities arising as a result of this case (31 December 2016: Baht 40.6 million). This provision will be adjusted as per court order when the case is final.

26. Reclassification

Certain amounts in the income statements for the three-month and six-month periods ended 30 June 2016 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)

	For the three-month ended 30 June 2016			
	Consolidated financial		Separate financial	
	statements		statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Income statement				
Cost of hotel operations	436,369	447,594	Nil	Nil
Cost of property development operations	224,400	208,656	Nil	Nil
Selling expense	96,658	86,214	Nil	Nil
Administrative expense	323,174	338,137	Nil	Nil

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month ended 30 June 2016			
	Consolidated financial		Separate financial	
	statements		statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Income statement				
Selling expense	194,745	175,867	5,312	2,904
Administrative expense	675,954	694,832	80,110	82,518

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 August 2017.