

MANDARIN ORIENTAL,
BANGKOK

ANNUAL REPORT

2018



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andarin Oriental, Bangkok was first established in the Thai Capital in 1876 and is today one of the world's most renowned hotels. Located on the banks of the Chao Phraya River with its famous Authors' Lounge, the Hotel has 368 bedrooms and suites with a unique selection of restaurants and outdoor dining. The Hotel company was listed on the Stock Exchange of Thailand in 1988.

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CORPORATE INFORMATION

DIRECTORS

Mrs. Nijaporn Charanachitta
Chairwoman of Board of Directors

Mr. Peter James Holland Riley
Director

Mr. Charles Stuart Dickie (1 January – 31 October 2018)

Mr. Craig Alan Beattie (1 November 2018 – present)
Director

Mr. Yuthachai Charanachitta
Director

Mr. Archibald David Keswick
Director

Mr. Richard Daniel Baker (29 January 2018 – present)
Director

Mr. Gregory Bruce Liddell
Director and Managing Director

Mr. Aswin Kongsiri
Independent Director

Mr. Surachai Sirivallop
Independent Director

Mr. William Zentgraf
Independent Director

Mr. Sirichai Sombutsiri
Independent Director

AUDIT COMMITTEE

Mr. Aswin Kongsiri
Chairman of Audit Committee

Mr. Surachai Sirivallop
Audit Committee

Mr. William Zentgraf
Audit Committee

COMPANY SECRETARY

Ms. Siriwan Chamnannarongsak

OPERATIONAL EXECUTIVES

Mr. Gregory Bruce Liddell
Managing Director

Mr. Franck Droin
Hotel Manager

Ms. Siriwan Chamnannarongsak
Finance Director

Mr. Robert O’Kennedy
Director of Sales & Marketing

Ms. Karn Puntuhong
Director of Public Relations

Mr. Thomas Kinsperger
Director of Food & Beverage

Mr. Dominique Bugnand
Executive Chef

NAME

OHTL Public Company Limited
Registered Number : Bor Mor Jor 176

REGISTERED OFFICE

48 Oriental Avenue, Soi Burapa, Charoenkrung Road,
Khwaeng Bangrak, Khet Bangrak, Bangkok Metropolis
10500

Tel : +662 659 9000

Fax : +662 659 0000

AUDITOR

Mrs. Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430 and/or
Mr. Paiboon Tunkul
Certified Public Accountant (Thailand) No.4298 and/or
Ms. Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
PricewaterhouseCoopers ABAS Limited
15th Floor, Bangkok City Tower
179/74-80 South Sathorn Road, Bangkok 10120

Tel : +662 286 9999, +662 344 1000

Fax : +662 286 2666

REGISTRAR

Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building,
93 Rajadapisek Road, Kwaeng Dindaeng,
Khet Dindaeng, Bangkok 10400

Tel : +662 009 9000

Fax : +662 009 9991

SHARE CAPITAL

Par Value	Baht 10.00
Common Stock	
Authorised and Paid -up Capital	Baht 150,978,000.00
Preferred Stock	
Authorised and Paid -up Capital	-

Shares Detail

Common Stock	
Listed Share and Paid -up Stock	15,097,800 shares
Preferred Stock	
Listed Share	-
Treasury Stock	-

DIRECTORS AND OPERATIONAL EXECUTIVES

NAMES	HIGHER EDUCATION	WORKING EXPERIENCES
Mrs. Nijaporn Charanachitta	<ul style="list-style-type: none"> M.B.A University of Wisconsin, USA B.A. (Arts) Chulalongkorn University 	<ul style="list-style-type: none"> Director and Senior Executive Vice President of Italian-Thai Development Plc. Chairwoman of Chaophaya Development Corporation Co., Ltd.
Mr. Peter James Holland Riley	<ul style="list-style-type: none"> B.A. Arts (Hons) in Geography, University College, Durham University, United Kingdom 	<ul style="list-style-type: none"> Group Chief Executive of Mandarin Oriental Hotel Group Group Finance Director at Jardine Matheson Holdings Limited
Mr. Charles Stuart Dickie (1 January – 31 October 2018)	<ul style="list-style-type: none"> B.A. (Hons) Business Studies, Sheffield Hallam University, United Kingdom 	<ul style="list-style-type: none"> Chief Financial Officer of Mandarin Oriental Hotel Group until 31 October 2018 Director of Corporate Finance of Mandarin Oriental Hotel Group
Mr. Craig Alan Beattie (1 November 2018 - present)	<ul style="list-style-type: none"> B.A. Accounting and Finance, Aberdeen Business School, Robert Gordon University United Kingdom 	<ul style="list-style-type: none"> Group Financial Officer of Mandarin Oriental Hotel Group, Hong Kong since 1 November 2018 Group Treasurer, Jardine Matheson Group, Hong Kong
Mr. Yuthachai Charanachitta	<ul style="list-style-type: none"> B.A. Economics, Hamilton College Clinton, New York, USA 	<ul style="list-style-type: none"> Executive Director of ItalThai Industrial Co., Ltd. President & CEO of Amari Estates Co., Ltd.
Mr. Archibald David Keswick	<ul style="list-style-type: none"> Eton College, Windsor United Kingdom 	<ul style="list-style-type: none"> General Manager at The Landmark Mandarin Oriental, Hong Kong Hotel Manager at The Landmark Mandarin Oriental, Hong Kong
Mr. Richard Daniel Baker (29 January 2018 - present)	<ul style="list-style-type: none"> Bachelor of Business Administration, Biola University, USA 	<ul style="list-style-type: none"> Group Chief Relationship Officer, Mandarin Oriental Hotel Group, Hong Kong
Mr. Gregory Bruce Liddell	<ul style="list-style-type: none"> Bachelor of Commerce at University of Wollongong, NSW, Australia 	<ul style="list-style-type: none"> Managing Director at Mandarin Oriental Bangkok General Manager, Mandarin Oriental Barcelona, Spain
Mr. Aswin Kongsiri	<ul style="list-style-type: none"> B.A. (Hons) in Philosophy, Politics and Economics, Oxford University, United Kingdom 	<ul style="list-style-type: none"> Chairman of AK Place Co., Ltd. Director of Krung Thai Bank Public Co., Ltd.
Mr. Surachai Sirivallop	<ul style="list-style-type: none"> Albert Ludwig University-Freiburg, Germany Specialized in International Laws B.A. (Laws) Thammasat University 	<ul style="list-style-type: none"> President & CEO of Thai Reinsurance Public Co., Ltd.
Mr. William Zentgraf	<ul style="list-style-type: none"> B.A. (Hons) Harvard College, USA J.D. Harvard Law School, USA 	<ul style="list-style-type: none"> Financial Consultant and Joint Venture Consultant
Mr. Sirichai Sombutsiri	<ul style="list-style-type: none"> Advance Management Program (AMP) Harvard Business School, USA M.B.A (Finance) University of Southern California, USA B.A. (Hons) Accounting, Thammasat University 	<ul style="list-style-type: none"> Chief Executive Officer, LH Bank Plc. Senior Executive Vice President, Business Customer, Siam Commercial Bank Plc.
Mr. Franck Droin	<ul style="list-style-type: none"> M.B.A. Reims Management School, Reims, France B.A. Les-Roches Hotel Management School, Switzerland 	<ul style="list-style-type: none"> Hotel Manager, Mandarin Oriental Bangkok General Manager, Kempinski Hotel, Myanmar
Ms. Siriwan Chamnanarongsak	<ul style="list-style-type: none"> M.S. Accounting, Thammasat University B.A. Accounting, Chulalongkorn University 	<ul style="list-style-type: none"> Finance Director, Mandarin Oriental, Bangkok Chief Finance Officer, Maritime Plc, listed in Singapore
Mr. Robert O' Kennedy	<ul style="list-style-type: none"> HND Hotel and Catering Management Business Administration, GMIT, Ireland 	<ul style="list-style-type: none"> Director of Sales & Marketing, Mandarin Oriental, Bangkok
Ms. Karn Puntuhong	<ul style="list-style-type: none"> MSc in International Tourism Management, University of Surrey, United Kingdom B.A. in Hospitality Industry Management, Mahidol University International College, Thailand 	<ul style="list-style-type: none"> Director of Public Relations, Mandarin Oriental, Bangkok Public Relations Manager – International, Mandarin Oriental, Bangkok
Mr. Thomas Kinsperger	<ul style="list-style-type: none"> Hotel Management, Tourism School, Bludenz Austria 	<ul style="list-style-type: none"> Director of F&B, Mandarin Oriental, Bangkok F&B Manager, Mandarin Oriental, Bangkok
Mr. Dominique Bugnand	<ul style="list-style-type: none"> Executive Development Programme in Food Service Management, Cornell University School of Hotel Administration Certified Chef Diploma, Professional Chefs School, France 	<ul style="list-style-type: none"> Executive Chef, Mandarin Oriental, Bangkok Executive Chef, Mandarin Oriental, Taipei, Taiwan

SHARES HELD BY DIRECTORS

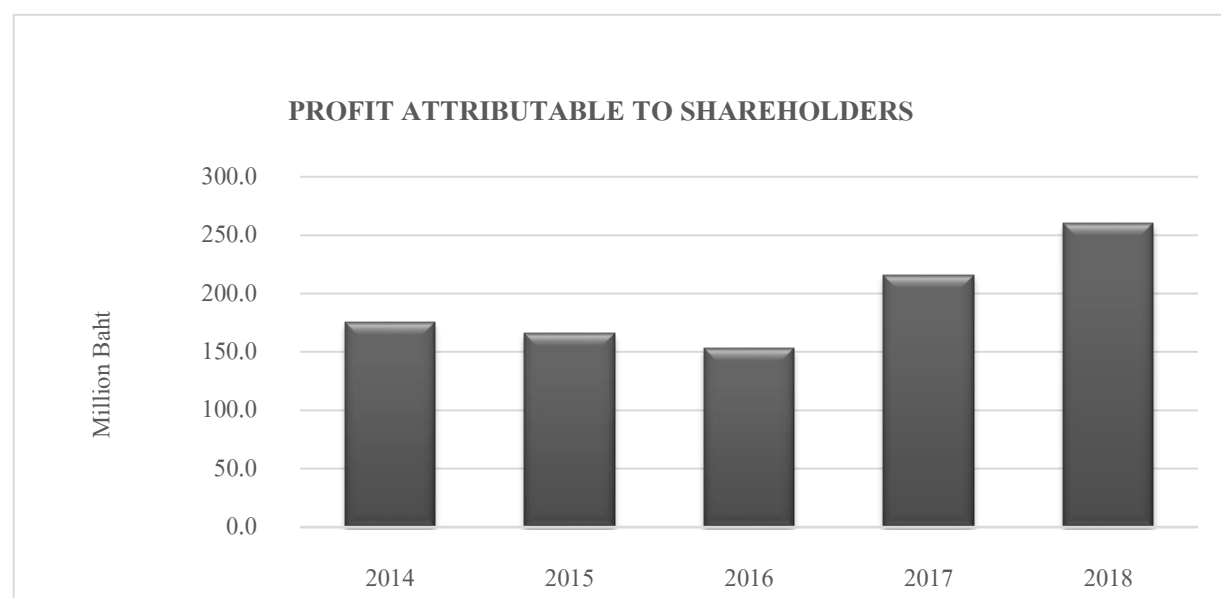
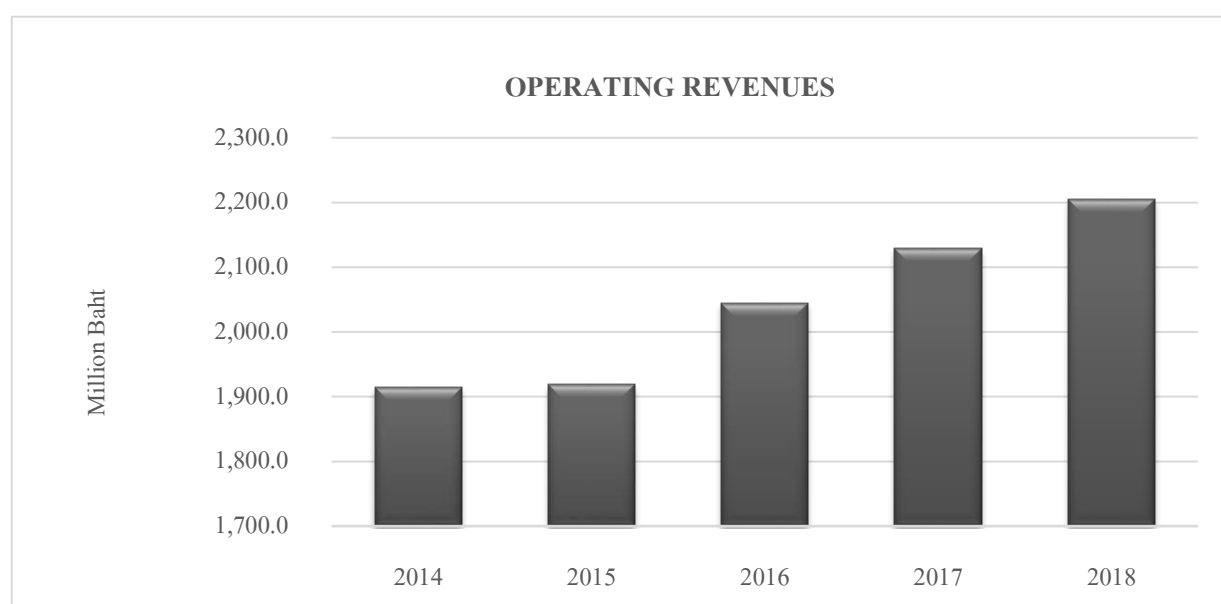
AS AT 31 DECEMBER 2018

AND REMUNERATION IN THE YEAR 2018

Directors	Remuneration (Baht)	Number of OHTL Shares Held
Mrs. Nijaporn Charanachitta	300,000	3,506,098
Mr. Peter James Holland Riley	200,000	-
Mr. Charles Stuart Dickie (1 January - 31 October 2018)	166,575	-
Mr. Craig Alan Beattie (1 November 2018 - present)	33,425	-
Mr. Yuthachai Charanachitta	200,000	235,250
Mr. Archibald David Keswick	200,000	-
Mr. Richard Daniel Baker (29 January 2018 - present)	184,658	-
Mr. Gregory Bruce Liddell	200,000	-
Mr. Aswin Kongsiri	500,000	-
Mr. Surachai Sirivallop	400,000	-
Mr. William Zentgraf	400,000	-
Mr. Sirichai Sombutsiri	200,000	-

FINANCIAL HIGHLIGHTS

	2018	2017
	Million Baht	Million Baht
Operating revenues	2,205.3	2,129.1
Profit before taxation	317.3	268.5
Profit attributable to shareholders	259.7	215.9



MESSAGE FROM THE MANAGING DIRECTOR

Mandarin Oriental, Bangkok reported a robust increase in profit over the prior year by Baht 43.8 million or 20.3%. Total revenue was Baht 76.2 million higher than last year. Room revenue for the year closed ahead of last year by Baht 20.8 million. Food and Beverage revenue for the year closed at Baht 959.9 million, Baht 67.0 million ahead of last year.

The Hotel continued in its quest to remain an iconic and celebrated property within the Kingdom of Thailand. Key awards received throughout the year included recognition as the No.1 Hotel in Bangkok as rated by Travel + Leisure USA in their 2018 World's Best Awards. The Condé Nast Traveler Readers' Choice Awards USA 2018 also rated Mandarin Oriental, Bangkok as the No.1 Hotel in Bangkok.

Le Normandie was again recognized by the Michelin Guide and retained its two stars. As in previous years, a series of celebrated chefs and mixologists from across the globe carried out promotions throughout our restaurants and bars. In 2018, our promotions extended to various outlets which included Chef Takagi Kazuo a two Michelin star Chef from Japan featuring his cuisine in Lord Jim's. Lord Jim's also played host to the internationally acclaimed Chef Gaston Acurio from Peru. The King of Abalone, Chef Mai from Southern China collaborated with Chef Arnaud Sauthier of Le Normandie and produced a series of dinners at The China House. Lastly, Chef Richard Ekkebus of Amber Restaurant at The Landmark Mandarin Oriental, Hong Kong graced the hotel with his presence at Le Normandie. The aforementioned promotions served the hotel and its restaurants well by delivering new experiences to our valued clients.

Bamboo Bar was featured in the highly acclaimed Asia's 50 Best Bars 2018, ranked at No. 9.

Corporate Social Responsibility values continue to be deeply ingrained in Mandarin Oriental's heritage. The hotel organized recreational and educational activities for children of the Baan Nokkamin Foundation and Wat Bangkhamin school. The total number of hours committed to the projects amounted to precisely 3,099 hours. In 2018, the Hotel took additional steps towards enhancing sustainability efforts. Energy efficient systems were introduced for filtering of water, air conditioning and water heating processes. With the objective to become single use plastic free, we saw a reduction in plastic bottles specifically by 15,400 units.

RESULTS

Net profit for the year ended at Baht 259.7 million, increasing by 20.3% over the prior year of Baht 215.9 million. The hotel's occupancy increased from 47.1% in 2017 to 48.1% in 2018 and the average room rate increased from Baht 13,837.8 in 2017 to Baht 13,887.1 in 2018. Food and Beverage saw healthy gains in revenue, of note, Banqueting and Catering revenues recorded a significant uplift in revenues over the prior year by Baht 46.5 million.

Earnings per share were Baht 17.2 compared with Baht 14.3 in the prior year. The Directors are proposing a final dividend of Baht 9.0 per share which, together with the interim dividend of Baht 8.0 per share, will provide for a total dividend of Baht 17.0 per share, compared with Baht 15.0 in 2017. This is subject to the approval of Shareholders at the Annual General Shareholders' Meeting on 25 April 2019. The final dividend will be payable on 24 May 2019.

OPERATIONS

Visitor arrivals to Thailand increased to 38.28 million in 2018 from 35.35 million visitors in 2017.

Mandarin Oriental, Bangkok continued to maintain its rate leading position in the market whilst the competition remained focused on increasing market share by aggressively discounting rates.

We continue to remain focused on achieving high levels of guest satisfaction which is reflected both in the number of loyal and repeat guests the hotel is fortunate enough to welcome back and the significant number of awards received.

Improvements to “back of house” areas allowed for improvements in efficiencies which impacted positively on the profitability of the Hotel.

CAPITAL IMPROVEMENTS

Mandarin Oriental, Bangkok completed a “back of house” renovation to two key areas which included the bakery kitchen and butchery areas of the hotel and the general store areas located in the basement of the River Wing which has resulted in improved workflow. The project was completed as scheduled and within the forecasted project cost.

In 2019, the River Wing will undergo a renovation which is designed to address the aging product of our rooms, increasing room sizes to effectively compete with new supply to the market and to preserve our heritage and further enhance our market position in the luxury five-star hotel segment. The renovation project scope includes the River Wing rooms, Verandah Restaurant and Terrace, Lord Jim’s Restaurant and public areas such as the main hotel lobby.

A total investment of Baht 2 billion (excluding capitalized interest of approximately Baht 20 million) is forecasted. The renovation is scheduled to commence in March 2019, during the hotel’s low season and is expected to be completed by December 2019. Various sections of the hotel will be reopened in September 2019, with a full reopening scheduled in December. The Authors’ and Garden Wings, and other Food and Beverage facilities (Including Sala Rim Naam, Terrace Rim Naam, Le Normandie and the China House), will remain operational during the renovation period.

Post-renovation, the total number of keys (including all Wings) will reduce to 331 (from 368) while the number of suites will increase to 60 (from 44), representing a post-renovation suite ratio of 18% (compared to 12% pre-renovation).

AWARDS & PEOPLE

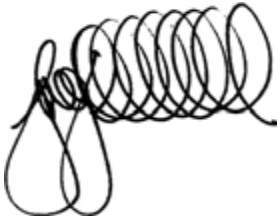
Mandarin Oriental, Bangkok continued to garner prestigious accolades and recognition from influential media and industry connoisseurs including: inclusion in **The Forbes Travel Guide Listing for 2018**; Top Hotel in Bangkok - **Condé Nast Traveler USA 2018** Readers’ Choice Awards; *Reader’s Choice Awards for “Best Hotel in Thailand”* – **DestinAsian**; Top Hotel in Bangkok – **Travel + Leisure USA 2018**; *Reader’s Choice Awards for ‘Best City Hotel in South East Asia’* – **Gallivanter’s Guide 2018**; Best Bar in Thailand – **Asia’s 50 Best Bars and No.9 in Asia 2018**.

The entire team is delighted and proud to share the above-mentioned awards. Preserving our heritage, delighting our guests and moving our wonderful product forward in 2019 has our full attention and with this, I extend my sincere thanks to the team for their passion and enthusiasm in 2018.

OUTLOOK & PROSPECTS

The Tourism Authority of Thailand has projected an increase in tourist arrivals in 2019. Government elections are scheduled to take place in the first quarter of the year. With continued political stability and a reduction in local security risks, the tourism sector is likely to benefit in 2019.

We are however conscious of the additional new five-star luxury hotel supply to the Bangkok market with two new hotels having opened in the past two years and a further three expected to open in 2019. These new hotel openings present challenges in terms of labor supply and increased pricing pressure on room rates. Therefore, our renovation is timely as we seek to remain a legendary and iconic hotel.

A handwritten signature in black ink, consisting of a series of loops and a final flourish.

Gregory Bruce Liddell

Managing Director

Independent Auditor's Report

To the shareholders and the Board of Directors of OHTL Public Company Limited

My opinion

In my opinion, the consolidated financial statements of OHTL Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Revenue recognition for hotel income. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p>Revenue recognition for hotel income</p> <p>Refer to Note 2.17 'Accounting policies - revenue recognition' and Note 19 'Hotel income', to the financial statements.</p> <p>The Group and the Company's revenue for hotel income for the year ended 31 December 2018 was Baht 2,205 million and Baht 2,083 million, respectively. The revenue comprised room income, food and beverage income, and other services income.</p> <p>I focused on this area due to the magnitude of the revenue to the financial statements, and the high volume of daily transactions from various customers with different commercial prices and terms. I focused on the accuracy of revenue recognition and the reliability of information technology systems relating to hotel operations to report the information for hotel income.</p>	<p>I performed the following procedures regarding the revenue recognition:</p> <ul style="list-style-type: none"> • obtained an understanding of and evaluated the design and effectiveness of the system, process and key controls for revenue recognition, • tested the key internal controls over the revenue and receivables process for each type of hotel income, on a sample basis, which covered booking, ordering, servicing, billing and cash collection processes. • tested the information technology general controls over the systems relating to the hotel operations and accounting process, and • examined the revenue transactions for each type of hotel income incurred during the year on a sample basis by agreeing the revenue transactions with long bills, invoices and other related supporting documents. <p>From the result of my procedures, I found no material exceptions. Revenue recognition for hotel income was in accordance with the accounting policy and the available evidences.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



Nattaporn Phan-Udom

Certified Public Accountant (Thailand) No. 3430

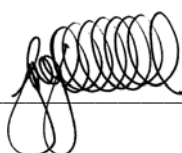
Bangkok

24 January 2019

OHTL Public Company Limited
Statement of Financial Position
As at 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Notes					
Assets					
Current assets					
Cash and cash equivalents	6	114,404,883	81,796,442	92,721,790	68,100,464
Short-term investments		172,412	172,412	172,412	172,412
Trade and other receivables, net	7	126,201,389	135,241,049	139,654,778	165,380,460
Inventories		18,468,414	16,597,569	18,468,414	9,351,541
Other current assets		6,111,725	14,309,760	4,529,931	2,842,692
Total current assets		265,358,823	248,117,232	255,547,325	245,847,569
Non-current assets					
Investments in subsidiaries, net	8	-	-	100,000	100,000
Investments in associates	8	78,276,313	81,675,096	9,520,000	9,520,000
Property, plant and equipment, net	9	1,409,785,043	1,439,907,964	1,322,323,528	1,295,123,700
Intangible assets, net	10	16,573,057	18,281,592	16,573,057	17,724,970
Deferred tax assets	11	41,817,853	44,203,224	33,538,928	32,654,699
Land upfront fee	12	37,487,110	39,157,644	-	-
Other non-current assets		19,073,462	18,491,785	12,533,509	10,192,981
Total non-current assets		1,603,012,838	1,641,717,305	1,394,589,022	1,365,316,350
Total assets		1,868,371,661	1,889,834,537	1,650,136,347	1,611,163,919

Director



Director



The accompanying notes on pages 103 to 138 are an integral part of these consolidated and separate financial statements.

OHTL Public Company Limited				
Statement of Financial Position (Cont'd)				
As at 31 December 2018				

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings					
from financial institutions	14	70,000,000	70,000,000	70,000,000	70,000,000
Trade and other payables	13	306,406,997	349,487,660	314,676,758	346,482,744
Income tax payable		29,431,662	27,369,971	29,431,662	27,369,971
Other current liabilities		20,456,942	23,838,176	20,430,127	21,558,672
Total current liabilities		426,295,601	470,695,807	434,538,547	465,411,387
Non-current liabilities					
Long-term borrowings from					
financial institution	15	350,000,000	350,000,000	350,000,000	350,000,000
Employee benefit obligations	16	132,793,183	138,869,284	149,141,183	134,692,528
Accrued land rental	12	147,198,076	139,535,582	-	-
Other non-current liabilities		24,248,398	26,604,788	24,000,663	26,314,410
Total non-current liabilities		654,239,657	655,009,654	523,141,846	511,006,938
Total liabilities		1,080,535,258	1,125,705,461	957,680,393	976,418,325
Equity					
Share capital					
Authorised share capital					
Ordinary shares, 15,097,800 shares					
at par value of Baht 10 each	17	150,978,000	150,978,000	150,978,000	150,978,000
Issued and paid-up share capital					
Ordinary shares, 15,097,800 shares					
at paid-up of Baht 10 each	17	150,978,000	150,978,000	150,978,000	150,978,000
Retained earnings					
Appropriated					
Legal reserve	18	16,000,000	16,000,000	16,000,000	16,000,000
Unappropriated		620,858,403	597,151,076	525,477,954	467,767,594
Total equity		787,836,403	764,129,076	692,455,954	634,745,594
Total liabilities and equity		1,868,371,661	1,889,834,537	1,650,136,347	1,611,163,919

The accompanying notes on pages 103 to 138 are an integral part of these consolidated and separate financial statements.

OHTL Public Company Limited					
Statement of Comprehensive Income					
For the year ended 31 December 2018					
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
Hotel income	19	2,205,345,848	2,129,072,320	2,082,969,638	1,924,567,014
Cost of sales and services		(1,216,118,622)	(1,206,629,005)	(1,137,764,078)	(1,071,374,508)
Gross profit		989,227,226	922,443,315	945,205,560	853,192,506
Other income	20	3,646,803	4,846,954	64,941,420	30,853,647
Selling expenses		(97,734,113)	(92,824,406)	(97,502,920)	(92,373,689)
Administrative expenses		(596,610,924)	(576,679,747)	(555,809,825)	(496,726,107)
Finance costs - interest expense		(8,794,722)	(14,946,973)	(9,005,315)	(14,946,973)
Share of profit of associates	8 a)	27,541,217	25,668,178	-	-
Profit before income tax expense		317,275,487	268,507,321	347,828,920	279,999,384
Income tax expense	22	(57,540,960)	(52,558,534)	(54,271,360)	(51,129,241)
Profit for the year		259,734,527	215,948,787	293,557,560	228,870,143
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss					
Gain (Loss) on remeasurements of defined employee benefit obligations	16	7,125,000	(9,748,000)	7,125,000	(9,748,000)
Income tax on items that will not be reclassified	11	(1,425,000)	1,949,600	(1,425,000)	1,949,600
Other comprehensive income (expense) for the year, net of tax		5,700,000	(7,798,400)	5,700,000	(7,798,400)
Total comprehensive income for the year		265,434,527	208,150,387	299,257,560	221,071,743
Profit attributable to:					
Owners of the parent		259,734,527	215,948,787	293,557,560	228,870,143
Non-controlling interests		-	-	-	-
		259,734,527	215,948,787	293,557,560	228,870,143
Total comprehensive income attributable to:					
Owners of the parent		265,434,527	208,150,387	299,257,560	221,071,743
Non-controlling interests		-	-	-	-
		265,434,527	208,150,387	299,257,560	221,071,743
Earnings per share					
Basic earnings per share	23	17.20	14.30	19.44	15.16

The accompanying notes on pages 103 to 138 are an integral part of these consolidated and separate financial statements.

OHTL Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2018

Consolidated financial statements				
		Retained earnings		
	Issued and paid-up share capital	Appropriated - legal reserve	Unappropriated	Total equity
Note	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2017	150,978,000	16,000,000	570,161,089	737,139,089
Changes in equity for the year				
Total comprehensive income for the year	-	-	208,150,387	208,150,387
Dividends paid	25	-	(181,160,400)	(181,160,400)
Closing balance as at 31 December 2017	150,978,000	16,000,000	597,151,076	764,129,076
Opening balance as at 1 January 2018	150,978,000	16,000,000	597,151,076	764,129,076
Changes in equity for the year				
Total comprehensive income for the year	-	-	265,434,527	265,434,527
Dividends paid	25	-	(241,727,200)	(241,727,200)
Closing balance as at 31 December 2018	150,978,000	16,000,000	620,858,403	787,836,403

The accompanying notes on pages 103 to 138 are an integral part of these consolidated and separate financial statements.

OHTL Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2018

	Note	Separate financial statements		
		Issued and paid-up share capital Baht	Retained earnings	
			Appropriated - legal reserve Baht	Unappropriated Baht
				Total equity Baht
Opening balance as at 1 January 2017		150,978,000	16,000,000	427,856,251
Changes in equity for the year				
Total comprehensive income for the year		-	-	221,071,743
Dividends paid	25	-	-	(181,160,400)
Closing balance as at 31 December 2017		<u>150,978,000</u>	<u>16,000,000</u>	<u>467,767,594</u>
Opening balance as at 1 January 2018		150,978,000	16,000,000	467,767,594
Changes in equity for the year				
Total comprehensive income for the year		-	-	299,257,560
Dividends paid	25	-	-	(241,547,200)
Closing balance as at 31 December 2018		<u>150,978,000</u>	<u>16,000,000</u>	<u>525,477,954</u>

The accompanying notes on pages 103 to 138 are an integral part of these consolidated and separate financial statements.

OHTL Public Company Limited					
Statement of Cash Flows					
For the year ended 31 December 2018					
		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax expense		317,275,487	268,507,321	347,828,920	279,999,384
Adjustments for:					
Transfers hotel operating equipment to cost of hotel operation	9	-	196,252	-	196,252
Depreciation charge on property, plant and equipment	9	245,710,541	266,779,503	228,645,044	239,903,687
Amortisation charge on intangible assets	10	6,654,711	8,022,586	6,546,950	7,772,494
Amortisation charge on land upfront fee	12	1,670,534	1,671,178	-	-
Loss (Gain) on disposals of property, plant and equipment		167,909	1,375,615	226,935	(1,494)
Loss on write-off of property, plant and equipment	9	311,190	21,465	311,190	4
Loss on disposals of intangible assets	10	-	1	-	1
Doubtful accounts for trade accounts receivable		-	843,683	-	843,683
Doubtful accounts for amount due from a related party		-	-	645,389	1,399,530
Share of profit of associates	8 a)	(27,541,217)	(25,668,178)	-	-
Dividend income	20	-	-	(60,760,000)	(25,480,000)
Employee benefit expense	16	13,697,869	12,280,820	16,107,152	11,448,918
Interest income	20	(691,623)	(644,563)	(1,236,291)	(1,186,347)
Finance costs - interest expense		8,794,722	14,946,973	9,005,315	14,946,973
Changes in operating assets and liabilities					
- trade and other receivables		9,039,660	(33,827,895)	26,062,102	(54,524,494)
- inventories		(1,870,845)	3,246,971	(1,589,441)	4,357,633
- other current assets		9,726,365	(5,520,309)	(1,687,239)	439,224
- other non-current assets		(581,677)	7,634,558	(2,340,528)	1,412,010
- trade and other payables		(56,747,049)	33,661,799	(52,125,536)	52,631,779
- employee benefit obligations	16	(12,648,970)	(9,072,390)	(11,732,580)	(9,072,390)
- accrued land rental		7,662,494	8,461,095	-	-
- other current liabilities		(3,381,234)	(5,485,235)	(1,128,545)	(6,438,810)
- other non-current liabilities		(2,356,390)	(113,045)	(2,313,747)	(113,043)
Cash generated from operations		514,892,477	547,318,205	500,465,090	518,534,994
Interest received		691,623	644,563	686,878	636,934
Interest paid		(8,728,340)	(15,930,175)	(8,938,933)	(15,930,175)
Income tax paid		(56,047,228)	(40,769,703)	(54,518,898)	(37,910,211)
Net cash generated from operating activities		450,808,532	491,262,890	437,694,137	465,331,542

The accompanying notes on pages 103 to 138 are an integral part of these consolidated and separate financial statements.

OHTL Public Company Limited					
Statement of Cash Flows (Cont'd)					
For the year ended 31 December 2018					
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Purchases of business transfer					
from a subsidiary	31	-	-	(31,999,365)	-
Purchases of property, plant and equipment		(203,969,799)	(109,661,009)	(196,822,441)	(76,494,712)
Purchases of intangible assets	10	(4,946,176)	(1,406,192)	(4,905,580)	(1,299,082)
Proceeds from disposals of property, plant and equipment		1,503,084	1,393,618	1,441,775	1,219,412
Dividends received from a subsidiary	8 d), 20	-	-	29,820,000	-
Dividends received from associate	8 a), 20	30,940,000	25,480,000	30,940,000	25,480,000
Net cash used in investing activities		(176,472,891)	(84,193,583)	(171,525,611)	(51,094,382)
Cash flows from financing activities					
Proceeds from short-term borrowings					
from financial institutions	14	120,000,000	310,000,000	120,000,000	310,000,000
Proceeds from short-term borrowing					
from a related party	24 d)	-	-	49,019,735	-
Repayments on short-term borrowings					
from financial institutions	14	(120,000,000)	(570,000,000)	(120,000,000)	(570,000,000)
Repayments on short-term borrowing					
from a related party	24 d)	-	-	(49,019,735)	-
Repayments on long-term borrowings					
from financial institution	15	-	(70,000,000)	-	(70,000,000)
Dividends paid to shareholders	25	(241,727,200)	(181,160,400)	(241,547,200)	(181,160,400)
Net cash used in financing activities		(241,727,200)	(511,160,400)	(241,547,200)	(511,160,400)
Net increase (decrease) in cash and cash equivalents		32,608,441	(104,091,093)	24,621,326	(96,923,240)
Cash and cash equivalents at the beginning of the year		81,796,442	185,887,535	68,100,464	165,023,704
Cash and cash equivalents at the end of the year	6	114,404,883	81,796,442	92,721,790	68,100,464

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2018 and 2017 are as follows:

Other payables arising from purchases of property, plant and equipment	30,578,271	16,978,267	30,578,271	15,847,907
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The accompanying notes on pages 103 to 138 are an integral part of these consolidated and separate financial statements.

OHTL Public Company Limited

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2018

1 General information

OHTL Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

48 Oriental Avenue, Soi Burapa, Charoenkrung Road, Bangrak, Bangrak, Bangkok.

The Company is listed on the Stock Exchange of Thailand since 1988. For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The Group operates their business in Thailand and their principal business operations are hotel and restaurant operations.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 24 January 2019.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of consolidated and separate financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Revised financial reporting standards and related interpretations

2.2.1 The following revised financial reporting standards and related interpretations are effective on 1 January 2018. These standards are relevant to the Group.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards and related interpretations (Cont'd)

- 2.2.1 The following revised financial reporting standards and related interpretations are effective on 1 January 2018. These standards are relevant to the Group. (Cont'd)

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The above revised standards do not have a significant impact on the Group.

- 2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Group will first apply this standard for annual reporting periods beginning on 1 January 2019. Management expects that the impact from adoption of this standard is not material to the financial statement.

2.2 Revised financial reporting standards and related interpretations (Cont'd)

2.2.3 Revised financial reporting standards that will become effective for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TAS 28 (revised 2018) Investments in associates and joint ventures

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

The Group's management expects that the impact from adoption of this standard is not material to the financial statement.

2.2.4 The Group of financial instruments reporting standards which are effective for annual period beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards and related interpretations (Cont'd)

2.2.4 The Group of financial instruments reporting standards which are effective for annual period beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019. (Cont'd)

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow: (Cont'd)

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.

2.3 Group accounting - Investments in subsidiaries and associates

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

2 Accounting policies (Cont'd)

2.3 Group accounting - Investments in subsidiaries and associates (Cont'd)

Subsidiaries (Cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

A list of the Group's principal subsidiaries is set out in Note 8 c).

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit (loss) of associates in the profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the separate financial statements, investments in associates are accounted for at cost less impairment.

A list of the Group's principal associates is set out in Note 8 c).

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2 Accounting policies (Cont'd)

2.5 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at original invoice amounts and subsequently measured at the remaining amounts less allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss.

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	40 years
Building improvements	20 years
Leasehold improvements and renovations	lease period or useful life of assets, whichever is shorter
Machinery and equipment	5 - 10 years
Furniture and fixtures	5 - 10 years
Vehicles	5 years
Boats	10 years
Hotel operating equipment	2 - 3 years

Operating equipment consisting of chinaware, glassware, silverware, linen and uniforms is recorded as hotel operating equipment and expensed upon issuance. In cases where an item of operating equipment becomes obsolete due to a concept change of restaurants, the value of the remaining operating equipment items being replaced is immediately written-off.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful lives of the related assets.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are recognised in profit or loss.

2.9 Intangible assets - computer software

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3, 5 and 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

2.10 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Accounting policies (Cont'd)

2.12 Leases - where the Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.14 Employee benefits

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund managed by the external fund manager. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions by relevant companies in the Group to the provident fund are charged as expense in the statement of comprehensive income in the year to which they relate.

The Group also provides for retirement benefits that is a defined benefit pension plan, payable to employees who have completed ten years or more of continuous service with the Company and who reach the specified retirement age. Under the plan, an employee is entitled to receive, upon retirement or early retirement, a sum computed by reference to length of service, age and average remuneration on retirement. The liability recognised in the statement of financial position in respect of retirement benefits is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

2.15 Provisions

Provisions, excluding the provisions relating to employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2 Accounting policies (Cont'd)

2.17 Revenue recognition

Revenues from hotel and restaurant operations represent the invoiced value for the sale of goods and services rendered after deducting discounts, value added tax and service charges, and after eliminating sales within the Group for the consolidated financial statements. Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

Rental income is recognised as a revenue on an accrual basis at the amount as specified under each lease agreement.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate and contract rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised as revenue when the Group's right to receive payment is established.

2.18 Dividends

Dividends are recorded in the consolidated and separate financial statements in the period in which they are declared by the Board of Directors and approved by the shareholders.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, market risk (including interest rate risk and currency risk) and credit risk. Risk management is carried out by Group management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Interest rate risk

The Group has normal exposure to interest rate risk, which relates primarily to deposits at financial institutions, and borrowings from financial institutions. The Group borrows at both fixed and floating rates of interest to finance its operations. The Company entered into interest rate cap contracts to swap interest rate on borrowings denominated in Thai Baht. Interest rate cap contracts protected the Company from movements in interest rates exceeding the agreed strike rate.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Foreign exchange risk

The Group is exposed to foreign exchange risk arising from some currency exposures, primarily relates to its certain receivables and payables. In addition to those transactional exposures, a subsidiary is also exposed to the effect of foreign exchange movements on its investment in foreign associate, which currently is not hedged by any derivative financial instruments. However, the Group believes that foreign exchange risk will have no material effect to their operational results and they therefore do not use derivative financial instruments to hedge this risk.

Below is a summary of the Group's assets and liabilities denominated in foreign currencies as at 31 December 2018 and 2017, which were unhedged.

Foreign currency (Unit: Million)	Consolidated and Separate financial statements		Average exchange rate as at 31 December 2018
	Assets	Liabilities	Baht per foreign currency unit
US Dollar	-	1.4181	32.4498

Foreign currency (Unit: Million)	Consolidated and Separate financial statements		Average exchange rate as at 31 December 2017
	Assets	Liabilities	Baht per foreign currency unit
US Dollar	0.0019	1.9195	32.6809

3.1.3 Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable in that sales and services are principally made to travel agents, credit card companies and companies with secure financial position. The Group has never experienced significant difficulties in debt collection.

3.2 Accounting for financial instruments

The Group is a party to derivative financial instruments, which mainly comprise interest rate cap agreements. Such instruments are not recognised in the financial statements on inception. Subsequent changes in the fair values of the swap contracts were not recognised in profit or loss. Any differential to be received on an interest rate cap agreement is recognised as a component of financial cost over the period of the agreement. Other financial cost incurred is capitalised and amortised over the contract period.

Disclosures about financial instruments to which the Group is a party are provided in Note 32.

3 Financial risk management (Cont'd)

3.3 Fair value estimation

As at 31 December 2018, the Group had no assets or liabilities measured at fair value. Disclosures of fair value measurements by level are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Since the majority of the financial assets are short-term and that the loans and borrowings carry interest at rates close to current market rates, the management of the Group believes that the fair values of the Group's financial assets and financial liabilities do not materially differ from their carrying amounts.

The fair value of interest rate cap is calculated as the present value of the estimated future cash flows.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Information on the fair values of borrowings and interest rate cap is included in Notes 15 and 32, respectively.

4 Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Useful lives of plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different from previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

4.2 Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Group considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Group's assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial position and results of operations.

4 Critical accounting estimates, assumptions and judgements (Cont'd)

4.3 Provision for retirement benefits

The Group has commitment to provide a retirement benefit plan for employees who have completed ten years or more of continuous service with the Group and who reach the specified retirement age. The present value of provision for retirement benefit plan recognised in the statement of financial position is determined on an actuarial basis utilising various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate and the future salary increase rate. Any changes in these assumptions will have an impact on the carrying amount of provision for retirement benefit. On an annual basis, the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Additional information of other key assumptions for retirement benefits obligations is disclosed in Note 16.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash on hand	3,451,194	3,579,399	3,451,194	3,554,399
Cash at banks				
- current accounts	18,236,764	32,411,138	-	18,797,240
- savings accounts	92,716,925	45,805,905	89,270,596	45,748,825
Total cash and cash equivalents	<u>114,404,883</u>	<u>81,796,442</u>	<u>92,721,790</u>	<u>68,100,464</u>

As at 31 December 2018, the interest rates of savings accounts were 0.05% to 0.38% per annum (2017: 0.05% to 0.38% per annum).

7 Trade and other receivables, net

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade accounts receivable				
Trade accounts receivable, gross	88,985,003	105,783,491	88,985,003	104,653,667
<u>Less</u> Provision for impairment	-	(852,582)	-	(852,582)
Trade accounts receivable, net	88,985,003	104,930,909	88,985,003	103,801,085
Other receivables				
Amounts due from related parties, net (Note 24 c))	2,532,464	150,120	16,187,297	32,530,707
Prepaid rental expenses	11,454,435	11,465,759	11,454,435	11,465,759
Prepaid insurance expenses	11,898,655	5,907,009	11,898,655	5,551,309
Other prepaid expenses	8,908,829	10,442,520	8,707,412	9,701,275
Advance payments	1,963	611,664	1,963	599,864
Others	2,420,040	1,733,068	2,420,013	1,730,461
Other receivables, net	37,216,386	30,310,140	50,669,775	61,579,375
Total trade and other receivables, net	126,201,389	135,241,049	139,654,778	165,380,460

Aging analysis of the outstanding trade accounts receivable and amounts due from related parties as at 31 December can be summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade accounts receivable				
Under 30 days	77,945,227	92,767,891	77,945,227	91,638,067
31 - 60 days	9,273,948	11,303,548	9,273,948	11,303,548
61 - 90 days	1,067,278	832,471	1,067,278	832,471
91 - 120 days	698,550	-	698,550	-
Over 120 days	-	879,581	-	879,581
Total trade accounts receivable, gross	88,985,003	105,783,491	88,985,003	104,653,667
<u>Less</u> Provision for impairment	-	(852,582)	-	(852,582)
Trade accounts receivable, net	88,985,003	104,930,909	88,985,003	103,801,085
Amounts due from related parties				
Under 30 days	2,334,704	137,290	16,328,178	32,794,842
31 - 60 days	38,687	-	38,687	-
61 - 90 days	-	-	-	-
91 - 120 days	159,073	12,830	159,273	13,170
Over 120 days	-	-	54,092,733	53,508,880
Total amounts due from related parties, gross	2,532,464	150,120	70,618,871	86,316,892
<u>Less</u> Provision for impairment	-	-	(54,431,574)	(53,786,185)
Amounts due from related parties, net	2,532,464	150,120	16,187,297	32,530,707

8 Investments in subsidiaries, net and associates

- a) The movements in investments in associates accounted for under equity method for the years ended 31 December comprise:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Opening net book value	81,675,096	81,486,918
Share of profit of associates	27,541,217	25,668,178
Dividends received from associate	(30,940,000)	(25,480,000)
Closing net book value	<u>78,276,313</u>	<u>81,675,096</u>

- b) Investments in subsidiaries and associates accounted for under cost method as at 31 December comprise:

	Separate financial statements	
	2018 Baht	2017 Baht
Subsidiaries:		
Investments in subsidiaries, cost	4,100,000	4,100,000
<u>Less</u> Provision for impairment of investments in subsidiaries	<u>(4,000,000)</u>	<u>(4,000,000)</u>
Investments in subsidiaries, net	<u>100,000</u>	<u>100,000</u>
	Separate financial statements	
	2018 Baht	2017 Baht
Associates:		
Investments in associates, cost	9,520,000	9,520,000
Investments in associates	<u>9,520,000</u>	<u>9,520,000</u>

- c) Details of the investments in subsidiaries and associates can be summarised as follows:

Company's name	Nature of business	Country of incorporation	Nature of relationship	Currency
Subsidiaries				
Baan Rim Naam Chao Phraya Company Limited	Restaurant and spa	Thailand	Shareholder	Baht
Bagan Hotel Holding (Thailand) Company Limited	Investment holding	Thailand	Shareholder	Baht
Associates				
Siam Flight Services Limited which has a subsidiary as follows:	Airline catering	Thailand	Shareholder	Baht
LSG Sky Chefs (Thailand) Limited	Airline catering	Thailand	Shareholder	Baht
Bagan Hotel Holding Company (BVI) Limited (invested by Bagan Hotel Holding (Thailand) Company Limited)	Investment in a Myanmar hotel project	British Virgin Islands	Shareholder	US Dollar

8 Investments in subsidiaries, net and associates (Cont'd)

d) Carrying values of investments in subsidiaries

Company's name	Separate financial statements			
	As at 31 December 2018			
	Paid-up capital Baht	Investment portion %	Cost method Baht	Dividend Baht
Subsidiaries				
Baan Rim Naam Chao Phraya Company Limited	100,000	100	100,000	29,820,000
Bagan Hotel Holding (Thailand) Company Limited	4,000,000	100	4,000,000	-
Total investments in subsidiaries			4,100,000	29,820,000
<u>Less</u> Provision for impairment of investments in subsidiaries			(4,000,000)	-
Total investments in subsidiaries, net			100,000	29,820,000

Company's name	Separate financial statements			
	As at 31 December 2017			
	Paid-up capital Baht	Investment portion %	Cost method Baht	Dividend Baht
Subsidiaries				
Baan Rim Naam Chao Phraya Company Limited	100,000	100	100,000	-
Bagan Hotel Holding (Thailand) Company Limited	4,000,000	100	4,000,000	-
Total investments in subsidiaries			4,100,000	-
<u>Less</u> Provision for impairment of investments in subsidiaries			(4,000,000)	-
Total investments in subsidiaries, net			100,000	-

e) Carrying values of investments in associates

Company's name	As at 31 December 2018				
	Paid-up capital Baht	Investment portion %	Cost method Baht	Equity method Baht	Dividend Baht
Associates					
Siam Flight Services Limited	3,000,000	26	9,520,000	78,245,498	30,940,000
Bagan Hotel Holding Company (BVI) Limited	81,181,488	50	40,604,869	30,815	-
Total investments in associates			50,124,869	78,276,313	30,940,000
<u>Less</u> Provision for impairment of investments in associates			(40,604,869)	-	-
Total investments in associates, net			9,520,000	78,276,313	30,940,000

8 Investments in subsidiaries, net and associates (Cont'd)

e) Carrying values of investments in associates (Cont'd)

Company's name	As at 31 December 2017				
	Paid-up capital Baht	Investment portion %	Cost method Baht	Equity method Baht	Dividend Baht
Associates					
Siam Flight Services Limited	3,000,000	26	9,520,000	81,704,152	25,480,000
Bagan Hotel Holding Company (BVI) Limited	81,181,488	50	40,604,869	(29,056)	-
Total investments in associates			50,124,869	81,675,096	25,480,000
<u>Less</u> Provision for impairment of investments in associates			(40,604,869)	-	-
Total investments in associates, net			<u>9,520,000</u>	<u>81,675,096</u>	<u>25,480,000</u>

Bagan Hotel Holding (Thailand) Company Limited, a subsidiary of the Company, had invested in a hotel project in Republic of the Union of Myanmar through Bagan Hotel Holding Company (BVI) Limited. On 13 August 2003, the project was terminated by the Ministry of Hotels & Tourism, Republic of the Union of Myanmar. A full provision had been made against the investment.

Siam Flight Services Limited is the associate of the Group, which is material to the Group in opinion of the directors. The associate has share capital consisting solely of ordinary shares, which is held directly by the Group.

Summarised financial information for associate

Set out below are the summarised financial information for Siam Flight Services Limited accounted for using the equity method.

Summarised statement of financial position

	As at 31 December	
	2018 Baht	2017 Baht
Current assets		
Cash and cash equivalents	159,988,472	159,432,705
Other current assets (excluding cash)	190,720,154	190,560,784
Total current assets	350,708,626	349,993,489
Non-current assets	283,481,758	297,231,661
	<u>634,190,384</u>	<u>647,225,150</u>
Current liabilities	190,324,757	174,838,309
Non-current liabilities	13,775,997	15,153,103
	<u>204,100,754</u>	<u>189,991,412</u>
Net assets	<u>430,089,630</u>	<u>457,233,738</u>

8 Investments in subsidiaries, net and associates (Cont'd)

e) Carrying values of investments in associates (Cont'd)

Summarised financial information for associate (Cont'd)

Set out below are the summarised financial information for Siam Flight Services Limited accounted for using the equity method. (Cont'd)

Summarised statement of comprehensive income

	For the years ended 31 December	
	2018 Baht	2017 Baht
Revenues	952,977,797	871,456,611
Cost of sales	(639,127,822)	(564,215,555)
Selling and administrative expenses	(125,165,764)	(123,022,834)
Depreciation and amortisation	(11,295,876)	(11,124,240)
Profit from continuing operations	177,388,335	173,093,982
Income tax expense	(34,532,443)	(31,927,758)
Total comprehensive income	142,855,892	141,166,224
Dividends received from associate	30,940,000	25,480,000

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate:

Summarised financial information

	2018 Baht	2017 Baht
Net assets as at 1 January	457,233,738	456,067,514
Profit for the year	142,855,892	141,166,224
Other comprehensive income	-	-
Dividends	(170,000,000)	(140,000,000)
Net assets as at 31 December	430,089,630	457,233,738
Non-controlling interests (30%)	(129,145,407)	(142,987,001)
Closing net assets attributable to owners of the parent	300,944,223	314,246,737
Interest in associate (26%)	78,245,498	81,704,152

There are no contingent liabilities relating to the Group's interest in the associate.

9 Property, plant and equipment, net

Consolidated financial statements								
	Buildings and building improvements Baht	Leasehold improvements and renovations Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Vehicles and boats Baht	Hotel operating equipment Baht	Assets under construction and installation Baht	Total Baht
At 1 January 2017								
Cost	28,562,635	1,424,086,098	597,946,380	1,019,403,795	7,717,553	36,640,406	21,500,579	4,513,860,335
Less Accumulated depreciation	-	(996,630,783)	(353,426,501)	(756,405,460)	(6,578,484)	(27,812,337)	-	(2,907,699,777)
Net book amount	28,562,635	427,455,315	244,519,879	262,998,335	1,139,069	8,828,069	21,500,579	1,606,160,558
Year ended 31 December 2017								
Opening net book amount	28,562,635	427,455,315	244,519,879	262,998,335	1,139,069	8,828,069	21,500,579	1,606,160,558
Additions	-	1,943,907	2,207,186	11,627,981	499,302	712,764	86,522,719	103,513,859
Disposals, net	-	-	(40,250)	(2,728,983)	-	-	-	(2,769,233)
Write-off, net	-	(21,461)	(4)	-	-	-	-	(21,465)
Transfers	-	4,161,223	14,758,622	21,447,267	-	101,100	(70,988,667)	-
Transfers to cost of hotel operation (Note 21)	-	-	-	-	-	(196,252)	-	(196,252)
Depreciation charge (Note 21)	-	(69,629,756)	(42,554,768)	(63,753,786)	(415,161)	(5,184,448)	-	(266,779,503)
Closing net book amount	28,562,635	361,986,782	218,890,665	229,590,814	1,223,210	4,261,233	37,034,631	1,439,907,964
At 31 December 2017								
Cost	28,562,635	1,428,247,321	604,100,735	1,034,707,749	8,216,855	25,788,885	37,034,631	4,576,973,062
Less Accumulated depreciation	-	(1,066,260,539)	(385,210,070)	(805,116,935)	(6,993,645)	(21,527,652)	-	(3,137,065,098)
Net book amount	28,562,635	361,986,782	218,890,665	229,590,814	1,223,210	4,261,233	37,034,631	1,439,907,964

9 Property, plant and equipment, net (Cont'd)

	Consolidated financial statements								
	Land Baht	Buildings and improvements building Baht	Leasehold improvements and renovations Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Vehicles and boats Baht	Hotel operating equipment Baht	Assets under construction and installation Baht	Total Baht
Year ended 31 December 2018									
Opening net book amount	28,562,635	361,986,782	558,357,994	218,890,665	229,590,814	1,223,210	4,261,233	37,034,631	1,439,907,964
Additions	-	219,692	1,690,470	11,637,052	9,583,137	791,482	3,475,719	190,172,251	217,569,803
Disposals, net	-	(16,560)	(837,026)	(108,268)	(709,139)	-	-	-	(1,670,993)
Write-off, net	-	(66,131)	(31)	(215,084)	(29,944)	-	-	-	(311,190)
Transfers	-	8,225,014	3,194,666	9,689,564	12,476,903	-	-	(33,586,147)	-
Depreciation charge (Note 21)	-	(69,218,692)	(71,692,650)	(41,993,323)	(58,242,342)	(541,338)	(4,022,196)	-	(245,710,541)
Closing net book amount	28,562,635	301,130,105	490,713,423	197,900,606	192,669,429	1,473,354	3,714,756	193,620,735	1,409,785,043
At 31 December 2018									
Cost	28,562,635	1,435,938,405	1,400,482,780	617,697,742	1,028,311,541	9,008,337	29,264,604	193,620,735	4,742,886,779
Less Accumulated depreciation	-	(1,134,808,300)	(909,769,357)	(419,797,136)	(835,642,112)	(7,534,983)	(25,549,848)	-	(3,333,101,736)
Net book amount	28,562,635	301,130,105	490,713,423	197,900,606	192,669,429	1,473,354	3,714,756	193,620,735	1,409,785,043

9 Property, plant and equipment, net (Cont'd)

Separate financial statements								
	Buildings and improvements building Baht	Leasehold improvements and renovations Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Vehicles Baht	Hotel operating equipment Baht	Assets under construction and installation Baht	Total Baht
At 1 January 2017								
Cost	28,562,635	1,424,086,098	557,444,249	917,848,608	5,977,553	36,303,633	9,104,570	3,988,593,901
Less Accumulated depreciation	-	(996,630,783)	(322,079,074)	(687,328,498)	(5,416,779)	(27,812,338)	-	(2,522,750,843)
Net book amount	28,562,635	427,455,315	235,365,175	230,520,110	560,774	8,491,295	9,104,570	1,465,843,058
Year ended 31 December 2017								
Opening net book amount	28,562,635	427,455,315	235,365,175	230,520,110	560,774	8,491,295	9,104,570	1,465,843,058
Additions	-	-	1,798,191	11,073,910	499,302	309,183	56,917,917	70,598,503
Disposals, net	-	-	(40,248)	(1,177,670)	-	-	-	(1,217,918)
Write-off, net	-	-	(4)	-	-	-	-	(4)
Transfers	-	4,161,223	7,105,303	15,746,636	-	23,100	(29,031,917)	-
Transfers to cost of hotel operation (Note 21)	-	-	-	-	-	(196,252)	-	(196,252)
Depreciation charge (Note 21)	-	(69,629,756)	(40,090,071)	(56,602,193)	(239,456)	(4,999,612)	-	(239,903,687)
Closing net book amount	28,562,635	361,986,782	204,138,346	199,560,793	820,620	3,627,714	36,990,570	1,295,123,700
At 31 December 2017								
Cost	28,562,635	1,428,247,321	555,834,791	931,076,855	6,476,855	24,970,531	36,990,570	4,023,421,768
Less Accumulated depreciation	-	(1,066,260,539)	(351,696,445)	(731,516,062)	(5,656,235)	(21,342,817)	-	(2,728,298,068)
Net book amount	28,562,635	361,986,782	204,138,346	199,560,793	820,620	3,627,714	36,990,570	1,295,123,700

9 Property, plant and equipment, net (Cont'd)

	Separate financial statements								
	Land Baht	Buildings and building improvements Baht	Leasehold improvements and renovations Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Vehicles and boats Baht	Hotel operating equipment Baht	Assets under construction and installation Baht	Total Baht
Year ended 31 December 2018									
Opening net book amount	28,562,635	361,986,782	459,436,240	204,138,346	199,560,793	820,620	3,627,714	36,990,570	1,295,123,700
Additions	-	219,692	1,438,470	10,875,033	9,091,945	791,482	3,475,719	185,660,464	211,552,805
Transferred from a subsidiary (Note 31)	-	-	-	14,325,366	28,179,414	300,237	464,162	3,002,788	46,271,967
Disposals, net	-	(16,560)	(837,026)	(108,267)	(706,857)	-	-	-	(1,668,710)
Write-off, net	-	(66,131)	(31)	(215,084)	(29,944)	-	-	-	(311,190)
Transfers	-	8,225,014	2,917,876	9,093,554	11,796,643	-	-	(32,033,087)	-
Depreciation charge (Note 21)	-	(69,218,692)	(59,910,343)	(40,208,342)	(55,015,843)	(438,985)	(3,852,839)	-	(228,645,044)
Closing net book amount	28,562,635	301,130,105	403,045,186	197,900,606	192,876,151	1,473,354	3,714,756	193,620,735	1,322,323,528
At 31 December 2018									
Cost	28,562,635	1,435,938,405	1,000,901,949	617,697,742	1,028,518,263	9,008,337	29,264,604	193,620,735	4,343,512,670
Less Accumulated depreciation	-	(1,134,808,300)	(597,856,763)	(419,797,136)	(835,642,112)	(7,534,983)	(25,549,848)	-	(3,021,189,142)
Net book amount	28,562,635	301,130,105	403,045,186	197,900,606	192,876,151	1,473,354	3,714,756	193,620,735	1,322,323,528

10 Intangible assets, net

	Consolidated financial statements Computer software Baht	Separate financial statements Computer software Baht
At 1 January 2017		
Cost	94,789,762	93,020,557
<u>Less</u> Accumulated amortisation	(69,891,775)	(68,822,174)
Net book amount	24,897,987	24,198,383
Year ended 31 December 2017		
Opening net book amount	24,897,987	24,198,383
Additions	1,406,192	1,299,082
Disposals, net	(1)	(1)
Amortisation charge (Note 21)	(8,022,586)	(7,772,494)
Closing net book amount	18,281,592	17,724,970
At 31 December 2017		
Cost	95,788,567	93,912,253
<u>Less</u> Accumulated amortisation	(77,506,975)	(76,187,283)
Net book amount	18,281,592	17,724,970
Year ended 31 December 2018		
Opening net book amount	18,281,592	17,724,970
Additions	4,946,176	4,905,580
Transferred from a subsidiary (Note 31)	-	489,457
Amortisation charge (Note 21)	(6,654,711)	(6,546,950)
Closing net book amount	16,573,057	16,573,057
At 31 December 2018		
Cost	100,734,743	100,734,743
<u>Less</u> Accumulated amortisation	(84,161,686)	(84,161,686)
Net book amount	16,573,057	16,573,057

11 Deferred tax assets

As at 31 December 2018 and 2017, deferred tax assets are calculated in full on temporary differences under the liability method using principal tax rates that are expected to be applied when the related deferred tax assets is realised.

The movements in the deferred tax assets are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Deferred tax assets				
Opening balance	44,203,224	39,891,048	32,654,699	28,342,523
(Charged) Credited to profit or loss (Note 22)	(960,371)	2,362,576	2,309,229	2,362,576
(Charged) Credited to equity	(1,425,000)	1,949,600	(1,425,000)	1,949,600
Closing balance	41,817,853	44,203,224	33,538,928	32,654,699

11 Deferred tax assets (Cont'd)

Deferred tax assets and deferred tax charged in the statements of comprehensive income are attributable to the following items:

Consolidated financial statements				
	1 January 2017 Baht	Credited (Charged) to profit or loss Baht	Credited (Charged) to equity Baht	31 December 2017 Baht
Deferred tax assets				
Employee benefit obligations	25,592,000	475,306	-	26,067,306
Loss (Gain) on remeasurement of employee benefit obligations	(1,078,400)	-	1,949,600	871,200
Accrued land rental	11,548,525	-	-	11,548,525
Other allowances and provisions	3,828,923	1,887,270	-	5,716,193
Total deferred tax assets	39,891,048	2,362,576	1,949,600	44,203,224
Consolidated financial statements				
	31 December 2017 Baht	Credited (Charged) to profit or loss Baht	Credited (Charged) to equity Baht	31 December 2018 Baht
Deferred tax assets				
Employee benefit obligations	26,067,306	1,045,131	-	27,112,437
Loss (Gain) on remeasurement of employee benefit obligations	871,200	-	(1,425,000)	(553,800)
Accrued land rental	11,548,525	-	-	11,548,525
Other allowances and provisions	5,716,193	(2,005,502)	-	3,710,691
Total deferred tax assets	44,203,224	(960,371)	(1,425,000)	41,817,853
Separate financial statements				
	1 January 2017 Baht	Credited (Charged) to profit or loss Baht	Credited (Charged) to equity Baht	31 December 2017 Baht
Deferred tax assets				
Employee benefit obligations	25,592,000	475,306	-	26,067,306
Loss (Gain) on remeasurement of employee benefit obligations	(1,078,400)	-	1,949,600	871,200
Other allowances and provisions	3,828,923	1,887,270	-	5,716,193
Total deferred tax assets	28,342,523	2,362,576	1,949,600	32,654,699

11 Deferred tax assets (Cont'd)

Deferred tax assets and deferred tax charged in the statements of comprehensive income are attributable to the following items: (Cont'd)

	Separate financial statements		
	31 December 2017 Baht	Credited (Charged) to profit or loss Baht	Credited (Charged) to equity Baht
Deferred tax assets			
Employee benefit obligations	26,067,306	4,314,731	-
Loss (Gain) on remeasurement of employee benefit obligations	871,200	-	(1,425,000)
Other allowances and provisions	5,716,193	(2,005,502)	-
Total deferred tax assets	32,654,699	2,309,229	(1,425,000)

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of Baht 8.69 million (2017: Baht 15.61 million) in respect of tax losses amounting to Baht 43.46 million (2017: Baht 78.06 million) that can be carried forward against future taxable profits. Tax losses amounting to Baht 43.46 million (2017: Baht 78.06 million) expire in 2018, 2019 and 2022.

12 Land upfront fee and accrued land rental

On 29 June 2005, a subsidiary of the Company entered into a land lease agreement with a third party. The agreement is effective from 1 July 2005 for a thirty-year period with options to extend for further six years. The land upfront fee of Baht 60 million, which was paid to a lessor on that date under the operating lease agreement, is charged to the statement of comprehensive income on a straight-line method over the lease period.

The movements in land upfront fee for the years ended 31 December are as follows:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Opening balance	39,157,644	40,828,822
<u>Less</u> Amortisation charge during the year	<u>(1,670,534)</u>	<u>(1,671,178)</u>
Closing balance	<u>37,487,110</u>	<u>39,157,644</u>

The movements in accrued land rental for the years ended 31 December are as follows:

	Consolidated financial statements	
	2018 Baht	2017 Baht
Opening balance	139,535,582	131,074,487
Land rental expense during the year	25,231,694	25,231,695
Payment of land rental	<u>(17,569,200)</u>	<u>(16,770,600)</u>
Closing balance	<u>147,198,076</u>	<u>139,535,582</u>

13 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Trade accounts payable	68,996,169	73,713,562	68,376,677	68,503,411
Amounts due to related parties (Note 24 c))	48,754,803	63,875,688	64,362,601	82,571,884
Accrued expenses	75,021,798	99,553,943	71,193,240	92,213,423
Deposits from customers	75,450,647	89,682,159	72,668,147	83,552,534
Retention payable	2,101,500	1,664,422	2,101,500	234,521
Other accounts payable	36,082,080	20,997,886	35,974,593	19,406,971
Total trade and other payables	<u>306,406,997</u>	<u>349,487,660</u>	<u>314,676,758</u>	<u>346,482,744</u>

14 Short-term borrowings from financial institutions

The movements in short-term borrowings from financial institutions for the year ended 31 December are as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Opening balance	70,000,000	330,000,000
<u>Add</u> Additions during the year	120,000,000	310,000,000
<u>Less</u> Repayments during the year	(120,000,000)	(570,000,000)
Closing balance	<u>70,000,000</u>	<u>70,000,000</u>

The short-term borrowings from financial institutions represent loans from the Revolving Facility Agreements which are denominated in Baht. The loans bear interest at the rates of 2.30% (2017: 1.97%) and will be repayable in January 2019 (2017: in January 2018).

The Group had uncommitted borrowing facilities totaling Baht 1,000 million (2017: Baht 1,000 million). As at 31 December 2018, the balance of drawdown is Baht 70 million, net of repayment during the year (2017: Baht 70 million). Undrawn uncommitted credit facilities are not subject to commitment fee.

15 Long-term borrowings from financial institution

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Non-current		
Long-term borrowings from financial institution	350,000,000	350,000,000
Total non-current borrowings	350,000,000	350,000,000
Total borrowings	<u>350,000,000</u>	<u>350,000,000</u>

15 Long-term borrowings from financial institution (Cont'd)

The movements in long-term borrowings from financial institution for the years ended 31 December are as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Opening balance	350,000,000	420,000,000
<u>Less</u> Repayment during the year	-	(70,000,000)
Closing balance	<u>350,000,000</u>	<u>350,000,000</u>

The long-term borrowings from financial institution represent loans from the Revolving Term Loan Facility Agreement which is denominated in Baht. The loan bears interest at the rate of THBFX plus some margins and will be repayable within December 2020 (2017: within December 2020).

The effective interest rate of long-term borrowings as at 31 December 2018 were at 2.49% (2017: 1.05%).

The fair value of long-term borrowings as at 31 December 2018 are Baht 351.26 million (2017: Baht 346.42 million).

The fair value of long-term borrowings are based on discounted cash flows using a discount rate based upon the borrowing rate which the management expects would be available to the Group and the Company at the statement of financial position date, and is within level 2 of the fair value hierarchy (Note 3.3).

Maturity of long-term borrowings from financial institution is as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Between 1 and 5 years	350,000,000	350,000,000
Total long-term borrowings from financial institution	<u>350,000,000</u>	<u>350,000,000</u>

Borrowing facilities

The Group had committed borrowing facilities totaling Baht 810 million (2017: Baht 900 million). As at 31 December 2018, the balance of drawdown is Baht 350 million, net of repayment during the year (2017: Baht 350 million). Undrawn committed credit facilities are subject to the commitment fee at fixed rates per annum.

The Group and the Company have the following undrawn borrowing facilities:

	Consolidated and Separate financial statements	
	2018 Million Baht	2017 Million Baht
Floating interest rate		
- expiring within one year	930	930
- expiring beyond one year	460	550
Total undrawn borrowing facilities	<u>1,390</u>	<u>1,480</u>

The facilities have been arranged to help operating activities of the Group and the Company.

16 Employee benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Present value of obligations	132,793	138,869	149,141	134,692
Liability in the statement of financial position	132,793	138,869	149,141	134,692

The movements in employee benefit obligations for the years ended 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
At 1 January	138,869	125,913	134,692	122,568
Current service cost	8,859	8,990	12,182	8,245
Past service cost	1,459	-	608	-
Interest cost	3,380	3,291	3,317	3,204
(Gain) Loss on remeasurements	(7,125)	9,748	(7,125)	9,748
Transfer of employees	-	-	17,199	-
Benefits paid	(12,649)	(9,073)	(11,732)	(9,073)
At 31 December	132,793	138,869	149,141	134,692

The amounts recognised in profit or loss are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Current service cost	8,859	8,990	12,182	8,245
Past service cost	1,459	-	608	-
Interest cost	3,380	3,291	3,317	3,204
Total	13,698	12,281	16,107	11,449

The amounts recognised in other comprehensive income are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Loss from change in demographic assumptions	-	3,295	-	3,295
(Gain) Loss from change in financial assumptions	(3,278)	9,609	(3,278)	9,609
Experience gain	(3,847)	(3,156)	(3,847)	(3,156)
Remeasurement in the year	(7,125)	9,748	(7,125)	9,748
Cumulative (gain) loss on remeasurement	(2,608)	4,517	(2,769)	4,356

16 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.80%	2.60%	2.80%	2.60%
Salary increase rate	4.50%	4.48%	4.50%	4.50%

Sensitivity analysis for principal actuarial assumptions used were as follows:

Consolidated financial statements				
Impact on defined benefit obligation				
Change in assumption %	Increase in obligation		Decrease in obligation	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Discount rate				
+1.0%	-	-	(14,725)	(17,240)
-1.0%	17,676	20,017	-	-
Salary increase rate				
+1.0%	17,488	20,272	-	-
-1.0%	-	-	(14,861)	(17,358)
Separate financial statements				
Impact on defined benefit obligation				
Change in assumption %	Increase in obligation		Decrease in obligation	
	2018 Thousand Baht	2017 Thousand Baht	2018 Thousand Baht	2017 Thousand Baht
Discount rate				
+1.0%	-	-	(14,725)	(13,287)
-1.0%	17,676	15,592	-	-
Salary increase rate				
+1.0%	17,488	15,810	-	-
-1.0%	-	-	(14,861)	(13,443)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 11.3 years (2017: 11.3 years).

Expected maturity analysis of undiscounted retirement was as follows:

	Consolidated financial statements				
	Less than a year Thousand Baht	Between 1-2 years Thousand Baht	Between 2-5 years Thousand Baht	Over 5 years Thousand Baht	Total Thousand Baht
At 31 December 2018					
Retirement benefits	13,170	11,704	18,939	542,433	586,246
At 31 December 2017					
Retirement benefits	9,888	11,280	22,498	499,532	543,198

16 Employee benefit obligations (Cont'd)

Expected maturity analysis of undiscounted retirement was as follows:

	Separate financial statements				Total Thousand Baht
	Less than a year Thousand Baht	Between 1-2 years Thousand Baht	Between 2-5 years Thousand Baht	Over 5 years Thousand Baht	
At 31 December 2018					
Retirement benefits	13,170	11,704	18,939	542,433	586,246
At 31 December 2017					
Retirement benefits	9,767	9,778	21,085	463,218	503,848

17 Share capital

	Consolidated and Separate financial statements	
	Number of authorised and issued shares Shares	Ordinary shares Baht
As at 1 January 2017	15,097,800	150,978,000
As at 31 December 2017	15,097,800	150,978,000
As at 31 December 2018	15,097,800	150,978,000

The total authorised number of ordinary shares is 15,097,800 ordinary shares (2017: 15,097,800 shares) with a par value of Baht 10 per share (2017: Baht 10 per share). All issued shares are fully paid-up.

18 Legal reserve

Under the Public Company Act, the Company is required to set aside as a legal reserve at least 5% of its net profits after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital of the Company. The reserve is non-distributable.

19 Hotel income

Hotel income for the years ended 31 December 2018 and 2017 comprise:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Room income	897,062,699	876,336,558	897,062,699	876,336,558
Food and beverage income	959,885,558	892,851,118	888,517,169	777,694,783
Other service income	348,397,591	359,884,644	297,389,770	270,535,673
Total hotel income	2,205,345,848	2,129,072,320	2,082,969,638	1,924,567,014

20 Other income

Other income for the years ended 31 December 2018 and 2017 comprise:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Interest income	691,623	644,563	1,236,291	1,186,347
Dividend income	-	-	60,760,000	25,480,000
Others	2,955,180	4,202,391	2,945,129	4,187,300
Total other income	3,646,803	4,846,954	64,941,420	30,853,647

21 Expenses by nature

The following expenditures, classified by nature, have been charged in arriving at profit before finance costs and income tax:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Staff costs	479.51	470.54	444.33	409.14
Depreciation charge on property, plant and equipment (Note 9)	245.71	266.78	228.65	239.90
Transfers hotel operating equipment to cost of hotel operation (Note 9)	-	0.20	-	0.20
Amortisation charge on intangible assets (Note 10)	6.65	8.02	6.55	7.77
Operating lease	70.27	68.63	67.67	51.86
Repairs and maintenance	55.04	52.46	50.95	45.87

22 Income tax expense

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Current tax	56,580,589	54,921,110	56,580,589	53,491,817
Deferred tax (Note 11)	960,371	(2,362,576)	(2,309,229)	(2,362,576)
Income tax expense for the year	<u>57,540,960</u>	<u>52,558,534</u>	<u>54,271,360</u>	<u>51,129,241</u>

The tax on the Group's and the Company's profit before income tax differs from the amount that would arise using the basic tax rate of the home country of the Company as follows:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Profit before income tax expense	317,275,487	268,507,321	347,828,920	279,999,384
Tax rate	20.0%	20.0%	20.0%	20.0%
The result of accounting profit multiplied by tax rate	63,455,097	53,701,464	69,565,784	55,999,877
Tax effect of:				
Associates' results reported net of tax	(5,508,243)	(5,133,636)	-	-
Expense not deducted for tax purposes	168,633	440,691	297,711	720,596
Expense that are deductible at a greater amount from actual expenses	(771,444)	-	(3,439,817)	-
Income not subject to tax	-	-	(12,152,000)	(5,096,000)
Tax losses for which no deferred income tax asset was recognised	197,235	2,615,954	-	-
Adjustment in respect of prior year	(318)	934,061	(318)	(495,232)
Tax charge	<u>57,540,960</u>	<u>52,558,534</u>	<u>54,271,360</u>	<u>51,129,241</u>

23 Basic earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2018	2017	2018	2017
Profit attributable to shareholders of the Company (Baht)	259,734,527	215,948,787	293,557,560	228,870,143
Weighted average number of ordinary shares in issue (Shares)	15,097,800	15,097,800	15,097,800	15,097,800
Basic earnings per share (Baht)	17.20	14.30	19.44	15.16

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

24 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company shares are held by Mandarin Oriental Holdings B.V. and the Charanachitta Family and Chaophaya Development Corporation Limited in the proportions of 42%, 30% and 11% respectively. The remaining 17% of the shares are widely held.

During the year, the Group has transactions with related companies in the normal course of business. Sales and purchases price of goods and services is determined on Cost Plus Method.

The Group had transactions with related companies for the years ended 31 December as follows:

a) Sales of goods and services

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Sales of goods and services rendered to:				
Subsidiaries	-	-	3.99	6.02
Other related parties	0.74	0.66	0.74	0.66
	<u>0.74</u>	<u>0.66</u>	<u>4.73</u>	<u>6.68</u>

b) Purchases of goods and services

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Purchases of goods and services received from:				
Subsidiaries	-	-	23.79	12.78
Other related parties	173.88	162.35	164.43	146.61
	<u>173.88</u>	<u>162.35</u>	<u>188.22</u>	<u>159.39</u>

c) Outstanding balances arising from sales and purchases of goods and services

	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Amounts due from related parties:				
Subsidiaries	-	-	68.09	86.17
Other related parties	2.53	0.15	2.53	0.15
Total	2.53	0.15	70.62	86.32
<u>Less</u> Provision for impairment	-	-	(54.43)	(53.79)
	2.53	0.15	16.19	32.53
Amounts due to related parties:				
Subsidiaries	-	-	15.68	18.70
Other related parties	48.75	63.88	48.68	63.88
	48.75	63.88	64.36	82.58

d) Short-term borrowing from a related party

	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Borrowing from:				
Subsidiary	-	-	-	-

The movements in short-term borrowing from a related party for the year ended 31 December 2018 are as follows:

	Separate financial statements	
	2018 Baht	2017 Baht
Opening balance	-	-
<u>Add</u> Addition during the year	49,019,735	-
<u>Less</u> Repayment during the year	(49,019,735)	-
Closing balance	-	-

The loan from a subsidiary is denominated in Baht, bears interest at the rate of THBFIX-6 month not less than 1.5% per annum.

e) Key management compensation

Directors and managements' remuneration comprises salaries, other benefits, and other remuneration.

	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Short-term benefits	39.88	39.47	39.88	39.47
Post-employment benefits	0.60	0.92	0.60	0.92

The Company presents Directors' remuneration as part of administrative expenses.

25 Dividends

For the year ended 31 December 2018

At the Annual General Shareholders' meeting of the Company held on 26 April 2018, the shareholders passed a resolution to approve the payment of dividend from the Company's operating results for the period of July to December 2017 of Baht 8 per share for 15,097,800 shares, totalling Baht 120.78 million. The dividend was distributed to the shareholders on 25 May 2018. However, dividends of Baht 8,800 were not paid to certain shareholders due to disqualification.

At the Board of Directors' meeting of the Company held on 25 October 2018, the Board of Directors passed a resolution to approve the payment of an interim dividend from the Company's operating results for the period of January to June 2018 of Baht 8 per share for 15,097,800 shares, totalling Baht 120.78 million. The dividend was distributed to the shareholders on 23 November 2018. However, dividends of Baht 8,800 were not paid to certain shareholders due to disqualification.

For the year ended 31 December 2017

At the Annual General Shareholders' meeting of the Company held on 27 April 2017, the shareholders passed a resolution to approve the payment of dividend from the Company's operating results for the period of July to December 2016 of Baht 5 per share for 15,097,800 shares, totalling Baht 75.49 million. The dividend was distributed to the shareholders on 26 May 2017. However, dividends of Baht 5,500 were not paid to certain shareholders due to disqualification.

At the Board of Directors' meeting of the Company held on 30 October 2017, the Board of Directors passed a resolution to approve the payment of an interim dividend from the Company's operating results for the period of January to June 2017 of Baht 7 per share for 15,097,800 shares, totalling Baht 105.68 million. The dividend was distributed to the shareholders on 29 November 2017. However, dividends of Baht 7,700 were not paid to certain shareholders due to disqualification.

26 Provident fund

The Group and its employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. Such fund is monthly contributed by both the employees and the Group. The Group contributes at the rate of 5% of the employees' basic salaries. The fund is managed by SCB Asset Management Company Limited.

27 Segment information

Segment reporting is presented in respect of the Group's business segments. The primary format, business segments, is based on the Company's and its subsidiaries' management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest income, interest expenses, and corporate expenses.

Business segments

The Company and its subsidiaries comprise the following main business segments:

- Segment 1 Hotel operation
- Segment 2 Food and beverage

Business segment results in the consolidated financial statements for the years ended 31 December 2018 and 2017 were as follows:

	Consolidated financial statements												(Unit: Thousand Baht)	
	Undistributed													
	Hotel operation		Food and beverage		Other segments		income (expenses)		Total		Elimination		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	897,063	876,337	959,886	892,851	357,212	372,570	-	-	2,214,161	2,141,758	(8,815)	(12,686)	2,205,346	2,129,072
Interest income	-	-	-	-	-	-	1,452	1,194	1,452	1,194	(760)	(549)	692	645
Other income	-	-	-	-	-	-	2,955	4,202	2,955	4,202	-	-	2,955	4,202
Total revenue	897,063	876,337	959,886	892,851	357,212	372,570	4,407	5,396	2,218,568	2,147,154	(9,575)	(13,235)	2,208,993	2,133,919
Cost of sales and services	(358,835)	(368,035)	(684,879)	(668,858)	(181,219)	(182,422)	-	-	(1,224,933)	(1,219,315)	8,815	12,686	(1,216,118)	(1,206,629)
Selling expenses	-	-	-	-	-	-	(97,734)	(92,824)	(97,734)	(92,824)	-	-	(97,734)	(92,824)
Administrative expenses	-	-	-	-	-	-	(596,611)	(576,680)	(596,611)	(576,680)	-	-	(596,611)	(576,680)
Total expenses	(358,835)	(368,035)	(684,879)	(668,858)	(181,219)	(182,422)	(694,345)	(669,504)	(1,919,278)	(1,888,819)	8,815	12,686	(1,910,463)	(1,876,133)
Share of profit of associates	-	-	-	-	-	-	27,541	25,668	27,541	25,668	-	-	27,541	25,668
Profit (Loss) before finance costs and income tax expense	538,228	508,302	275,007	223,993	175,993	190,148	(662,397)	(638,440)	326,831	284,003	(760)	(549)	326,071	283,454
Finance costs - interest expense	-	-	-	-	-	-	(9,555)	(15,496)	(9,555)	(15,496)	760	549	(8,795)	(14,947)
Income tax expense	-	-	-	-	-	-	(57,541)	(52,558)	(57,541)	(52,558)	-	-	(57,541)	(52,558)
Profit (Loss) for the year	538,228	508,302	275,007	223,993	175,993	190,148	(729,493)	(706,494)	259,735	215,949	-	-	259,735	215,949

28 Commitments

As at 31 December 2018, the Group and the Company have outstanding commitments as follows:

- a) The Company has entered into management and license agreements with its overseas affiliated companies. The agreements are effective from the year 1988 for a ten year period with options to extend for two further periods of ten years each. Subsequently, the Company exercised such options to extend for two further period of ten years each. The affiliated companies will provide service of hotel management and trademark to the Group. The Group is committed to pay fees based on these long-term management agreements on normal commercial terms.
- b) The Group and the Company have outstanding capital expenditure and construction commitments of Baht 118.51 million and Baht 118.51 million, respectively (2017: Baht 94.01 million and Baht 89.62 million, respectively).
- c) The future aggregate minimum lease payments under non-cancellable operating leases of the Group and the Company are as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Not later than 1 year	65	60	83	42
Later than 1 year but not later than 5 years	197	196	270	119
Later than 5 years	824	873	1,055	235
Total operating lease commitments	1,086	1,129	1,408	396

29 Bank guarantees

As at 31 December 2018, there were outstanding bank guarantees of Baht 8.10 million and Baht 7.30 million issued by banks on behalf of the Group and the Company, respectively, in respect of certain performance bonds as required in the normal course of business (2017: Baht 34.27 million and Baht 33.47 million, respectively).

30 Litigation case

In June 2013, an unrelated third party filed a claim with the Southern Bangkok Civil Court against the Group for compensation regarding the cancellation of an agreement for sales of “loans to other company” at the claim value of Baht 384.6 million. The court accepted the case, and a witness hearing was held in June 2014, followed by a mediation session held on 25 July 2014. The court held further hearings for the presentation of witnesses in December 2014 and January 2015. On 20 April 2015, the Southern Bangkok Civil Court dismissed such claim against the Group.

After that, the Plaintiff filed an appeal to the Appeal Court on 18 August 2015, and the Group filed the answer to the appeal on 6 January 2016. On 21 July 2016, the Appeal Court reversed the judgment of the Southern Bangkok Civil Court, ruling that the Group is liable to pay Baht 20 million together with interest at the rate of 7.5 percent per annum from 7 June 2013 to the Plaintiff. Subsequently, the Group submitted its appeal against the judgment of the Appeal Court to the Supreme Court on 21 September 2016. On 19 October 2016, the Plaintiff also filed an appeal against the judgment of the Appeal Court. The Group also submitted the petition requesting for stay of execution with the Southern Bangkok Civil Court who accepted the petition and scheduled a court hearing for inspection of the bank guarantee for 21 November 2016. The Southern Bangkok Civil Court accepted the Group's bank guarantee as collateral for a stay of enforcement at the hearing on 22 December 2016. On 6 March 2017, the Southern Bangkok Civil Court passed all case files including the appeals and the answers to the appeals to the Supreme Court for its consideration. Finally, on 1 August 2018, the Supreme Court confirmed the judgement of the Appeal Court, ruling that the Group is liable to pay Baht 20 million together with interest at the rate of 7.5 percent per annum from 7 June 2013 to the Plaintiff totaling Baht 27.79 million. The Group paid this liability in August 2018.

31 Transfer of business from a subsidiary

During 2018, the Board of Directors passed a resolution to approve the transfers of assets, liabilities, business and employees of Baan Rim Naam Chao Phraya Company Limited to the Company. The consideration paid and the amounts of identifiable assets acquired and liabilities assumed recognised at the acquisition date are as follows:

	Baht
Total purchase consideration - cash	31,999,365
Recognised amounts of identifiable assets acquired and liabilities assumed	
Inventories	7,527,432
Equipments	46,271,967
Intangible assets	489,457
Prepaid expenses	432,396
Advances received from customers	(2,171,143)
Employee benefit obligations	(17,199,083)
Accrued expenses related employee benefits	(3,351,661)
Net identifiable assets acquired	31,999,365

32 Financial instruments

The Company has entered into interest rate cap contract for the long-term borrowings (Note 15) with the notional amount of Baht 350 million (2017: Baht 350 million).

The net fair values of the interest rate cap contract at the statements of financial position date are as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Favorable on interest rate cap contract	2	9,769

The fair value of interest rate cap contract is within level 2 of fair value hierarchy (Note 3.3).

33 Event after the statement of financial position date

At the Board of Directors' meeting of the Company held on 24 January 2019, the Board of Directors passed a resolution to approve the payment of dividend from the Company's operating results for the period of July to December 2018 of Baht 9 per share for 15,097,800 shares, totaling Baht 135.88 million. However, it will be further proposed for the shareholders' approval in the Annual General Shareholders' Meeting for fiscal year 2019.

AUDITORS AND REMUNERATION

AUDIT FEE

The Board of Directors had appointed Mrs. Nattaporn Phan-Udom, Auditors License No.3430 and/or Mr. Paiboon Tunkul, Auditor License No.4298 and/or Ms. Sakuna Yamsakul, Auditor License No.4906 of PricewaterhouseCoopers ABAS Limited as the Company's auditors and the remuneration for 2018 is Baht 1,632,100 (2017 : Baht 1,577,100).

NON-AUDIT FEE

There were no transactions for non-audit fees with the auditors during the year 2018.

AUDIT COMMITTEE REPORT

The Audit Committee of OHTL Public Company Limited comprising three independent directors, namely:

- | | |
|----------------------------|-----------------------------|
| 1. Mr. Aswin Kongsiri | Chairman of Audit Committee |
| 2. Mr. Surachai Sirivallop | Audit Committee |
| 3. Mr. William Zentgraf | Audit Committee |

The Audit Committee was appointed by the Board of Directors to perform duties and discharge responsibilities under the Audit Committee Charter and in accordance with the Stock Exchange of Thailand's regulations and Best Practice guidelines.

The Audit Committee held a total of four meetings in the fiscal year 2018, all of which were convened with full attendance. At those meetings, the Audit Committee discussed and shared opinions with the external auditor, internal auditor, and Management on matters related to the Company's business, which can be summarized as follows:

1. Review of financial statements

The Audit Committee reviewed the Company's quarterly and annual financial statements as well as the consolidated financial statements for 2018, which had already been reviewed and audited by the external auditor, before submission to the Board of Directors for approval. The Audit Committee also met with the external auditor without the presence of Management in order to discuss the preparation of the financial statements and disclosure in notes to the financial statements independently. In addition, the Audit Committee acknowledged the audit plan proposed by the external auditor. The Audit Committee agreed with the external auditor that the Company's financial statements represented the Company's financial status and operating results fairly, in all material respects, in accordance with generally accepted accounting principles. Adequate and timely information was disclosed in the financial statements for the benefit of investors or potential investors.

The Audit Committee has reviewed the analysis of the impact of the new financial reporting standards to the financial statements of the Company and agreed that the Company is ready to prepare the financial statements in accordance with Thai Financial Reporting Standards (TFRS).

2. Review of risk management

The Audit Committee monitored the risk management of the Company by reviewing the risk management plan of 2018 and achievement against the plan proposed by the Risk Management Committee and providing recommendations on a quarterly basis to ensure the efficiency of the risk management of the Company.

3. Review of internal control system and internal audit

The Audit Committee reviewed and considered the conclusions and recommendations of the external auditor and internal auditor in relation to the effectiveness of the internal control system to ensure that the Company has suitable and efficient internal control system and the operations were performed independently, adequately, effectively, efficiently and achieved the Company's goals. The audit findings were reviewed to follow up the corrective actions of those items considered significant. The Audit Committee concluded that the Company's internal controls were appropriate, adequate and effective. The internal audit quality has been continuously improved both in terms of human resources and operation to meet international professional standards.

4. Review of connected transactions

The Audit Committee reviewed connected transactions of the Group to ensure that these were conducted at arm's length with complete and adequate information disclosure.

5. Review of compliance with laws

The Committee reviewed the compliance with the Securities and Exchange Laws, regulations of the Stock Exchange of Thailand, and other laws related to the Company's business. Based on the reports of the external auditor, internal auditor and Management, the Audit Committee deemed that the Company has complied with all related laws and regulations.

6. Appointment of the external auditor for 2019

The Committee considered the nomination and appointment of the external auditor and the annual audit fee for 2019 for submission to the Board of Directors for approval by the Annual General Meeting of the Shareholders. The Audit Committee considered the current external auditor for its independence and performance for the year 2018 and competitiveness of the audit fee. The Audit Committee concluded that the external auditor from PricewaterhouseCoopers ABAS Limited acted independently and demonstrated a sufficient degree of knowledge and experience required for the purposes of conducting the Company's external audit with a competitive audit fee. The Audit Committee subsequently proposed that the external auditor from PricewaterhouseCoopers ABAS Limited be appointed as the Company's external auditor for 2019.

The Audit Committee maintains its independence in performing the duties as assigned. In this regards, the Audit Committee has received good corporation from Management and the external auditor. In summary, the Audit Committee is of the opinion that the Board of Directors and Management of the Company have operated the business ethically and were determined to perform their duties professionally to achieve the Company's goals, emphasizing on operating the business with effective internal control and internal audit systems, good corporate governance, appropriate risk management and continued development on operational systems.



Mr. Aswin Kongsiri
Chairman of Audit Committee
24 January 2019

The Company is committed to adhering to the highest standards of corporate governance to ensure that it has efficient and transparent management systems to create trust and confidence amongst its shareholders, investors and stakeholders. The Company has developed its principles and policies of corporate governance based on the Principles of Good Corporate Governance promulgated by the Stock Exchange of Thailand.

Shareholders

Shareholders' Meeting

The Company holds a general shareholders' meeting annually. The Annual General Meeting for 2018 was held on 26 April 2018 and the Extraordinary General Meeting was held on 12 December 2018 at the Chaopraya-Tajeen Room of Mandarin Oriental, Bangkok. The minutes of shareholders' meetings were accurate and complete, and can be checked by the shareholders.

The Company sends notice of the shareholders' meeting together with the annual report, the agenda and the Board of Directors' recommendations to the shareholders 14 days in advance according to the regulations. Shareholders who cannot attend the meeting will be able to authorize their representatives or an Independent Director to attend on their behalf. The chairwoman of the meeting will allocate an appropriate period of time during the meeting for shareholders to express their concerns and raise questions related to the Company's operations.

Following each Annual General Meeting of Shareholders, the notifications of the resolutions of the Annual General Meeting will be filed with the Stock Exchange of Thailand in accordance with the regulations.

Shareholders' Rights

All shareholders have the same rights in casting their votes at shareholders' meetings and receiving dividends declared by the Company, which are assessed based on the number of shares held by such shareholders. All shareholders are given the right to vote on important matters such as the election of Directors, the remuneration for Directors, dividend distributions and the appointment of auditors.

Stakeholders

The Company recognizes the rights of all groups of its stakeholders including, but not limited to, its employees, business partners, commercial debtors, customers, the local community and the government. The Company seeks to treat all its stakeholders with fairness and respect in order to create an environment that promotes good society and sustainable development. In addition, the Company has always strictly complied with applicable laws and regulations when dealing with its stakeholders.

Directors and Operations Management

Policy on Corporate Governance

The Company's Board of Directors is aware of the importance of good corporate governance in promoting and strengthening the trust of shareholders, customers, and related parties, creating thorough management and acting with prudence for the greatest benefits which can be subject to auditing. The Board of Directors regularly reviews and adapts its policy on corporate governance to ensure that it remains relevant and up-to-date in the Company's current business environment.

Leadership and Vision

The Board of Directors is responsible for setting out the overall vision, policies, financial targets, business plans and budget for the Company. The Board of Directors monitors the Company's operations to ensure that the Company's operations management team implements the approach established by the Board of Directors in an efficient and effective manner and in accordance with relevant laws and ethical standards. The Board of Directors has set a system for internal control, auditing and risk management including following up said matters regularly.

The Board of Directors comprise of individuals who are business leaders and professionals, with various backgrounds and qualifications, including in finance, accounting, constructions, hospitality and business management, each of whom have the skills, experience and expertise that are useful to the Company. All Directors are encouraged to express their opinions independently and to perform their duties in good faith, with due diligence and care, and in the best interests of the Company and all shareholders.

Balance of Power for Non-Executive Directors, Aggregation or Segregation of Positions

The Company's Board of Directors consisted of eleven people with four Independent Directors.

The Chairwoman of the Board of Directors does not have a management position in the Company under the principle of segregation of roles in policy formulation and oversight from those in operations management.

Appointment and Retirement of Directors

All Directors are appointed for a term of one year and are subject to retirement at each Annual General Meeting. These provisions apply to both executive and Independent Directors. Upon retiring from their positions, such Directors may offer themselves for re-election.

The Company has not established a nomination committee and new Directors are primarily sourced through referrals. To determine the suitability of a candidate who is proposed as a new Director, the Board of Directors will assess the skills, experience and expertise possessed by the candidate as well as the independence and integrity of the individual. From time to time as deemed necessary, the Board of Directors shall hold meeting to consider the suitability and appointment of new Directors.

Hotel Operations

The Board of Directors has approved the appointment of Mandarin Oriental Hotel Group ("MOHG") as its sole and exclusive agent to manage and operate the Hotel pursuant to a 30-year management contract, the terms of which were negotiated and agreed on market terms in 1988. In 2018, the Company has extended the agreements for another two further periods of ten years each.

MOHG is given full authority, discretion and responsibility to manage and operate the Hotel, including directing and instructing all Hotel employees and determining their remuneration.

The Board of Directors reviews and comments on each annual budget prior to the beginning of each fiscal year and monitors the Hotel's progress through monthly financial report provided throughout the fiscal year. The General Manager of the Hotel is also appointed as the Managing Director of the Company and in that capacity, regularly reports on the progress of the Hotel to the Board of Directors when required.

The Board of Directors are of the view that the terms of engagement of MOHG allow the international hotel operator the flexibility to run the Hotel in accordance with its global policies and practices while allowing the Company to accurately monitor the Hotel's process.

Committees, Directors' Reporting

The Company's Board of Directors has appointed a sub-committee to help oversee the following operations of the Company. The Audit Committee was set up on 22 April 1999.

1. The Audit Committee members are as follows:

Chairman of Audit Committee	Mr. Aswin Kongsiri
Member of Audit Committee	Mr. Surachai Sirivallop
Member of Audit Committee	Mr. William Zentgraf

2. The Audit Committee of the Company has the scope of duties and responsibilities, and shall report to the Board of Directors as follows:
 - 2.1 To review sufficiency, credibility and objectivity of the financial reports
 - 2.2 To review adequacy and effectiveness of internal control systems and internal audit functions
 - 2.3 To review adequacy and effectiveness of risk management policies and practices
 - 2.4 To review and prevent conflict of interest
 - 2.5 To review compliance with the Securities and Exchange Act, Regulations of Stock Exchange of Thailand, and any other relevant laws
 - 2.6 To review documents for internal review when there is suspicion of corruption of there are abnormal transactions in the internal control system
 - 2.7 To issue instructions and review documents when there is suspicion of not complying with laws or any SET's regulations which may have an impact on the financial status and operational results of the Company in a significant way
 - 2.8 To take care of any other matters assigned to it by the Board of Directors

Board of Directors' Report

The Board of Directors is responsible for the Company's consolidated financial statements and financial information stated in the annual report. The said financial statements are prepared in conformity with generally accepted accounting standards. Material information is disclosed in the notes to the financial statements.

The Board of Directors places importance on an effective internal control system to ensure the accuracy, completeness and sufficiency of financial information to maintain assets and to prevent fraud. For this reason, the Board of Directors appointed an Audit Committee which comprises Directors not dealing in management to be responsible for the quality of financial statements and the internal control system. The results of the review by the Audit Committee appears in the Audit Committee Report in the annual report.

The Board of Directors has reviewed the Company's overall internal control system which is at a satisfactory level and can assure the reliability of the consolidated financial reports as at 31 December 2018.

Remuneration of Board Members and Management

Total Directors fees for eleven Directors	2,984,658 Baht
Total Remuneration for seven management members	36,898,525 Baht
Management receives salary, bonus, provident fund and life insurance.	

The Board of Directors sets the policies regarding the Directors' remuneration clearly and transparently, taking into account industry practice and the need to sufficiently remunerate individuals in order to maintain appropriately qualified Directors. The remuneration for the Board of Directors is subject to approval of the shareholders at the Annual General Meeting. From time to time as deemed necessary, the Board of Directors shall hold meetings to consider the remuneration for the Directors.

The remuneration for the Hotel management, including the Managing Director, is determined by MOHG in accordance with the terms of its management contract with the Company. MOHG's decisions in compensation and benefits are based on its policies and philosophy to establish and maintain levels of compensation and benefits that are competitive amongst and benchmarked against the Hotel's key competitors while also taking into account local compensation and benefits surveys.

Board of Directors' Meeting

The Board of Directors generally holds a meeting on a quarterly basis and special additional sessions are convened as necessary. For 2018, there were four regular meetings. The Company Secretary prepares and circulates the agenda and relevant documents seven days before the meeting to allow each member of the Board of Directors time to consider and review information. Each meeting takes about two to three hours. During each meeting, appropriate time is allocated for operations management presentations (where required) and comprehensive Directors' discussions. Persons attending the Board meetings will include the Directors, the Company Secretary, the Hotel Manager and presenters of items on the agenda for the Board meeting. The Board of Directors regularly conducts a self-assessment of its performance as a whole and specifically on particular issues, as required.

For 2018, the attendance of Board of Directors' meeting for each Director can be summarized as follows:

Directors names	Meeting attendance
1. Mrs. Nijaporn Charanachitta	4/4
2. Mr. Peter James Holland Riley	3/4
3. Mr. Charles Stuart Dickie (1 January – 31 October 2018)	4/4
Mr. Craig Alan Beattie (1 November 2018 – present)	-
4. Mr. Yuthachai Charanachitta	4/4
5. Mr. Archibald David Keswick	3/4
6. Mr. Richard Daniel Baker (29 January 2018 –present)	4/4
7. Mr. Gregory Bruce Liddell	4/4
8. Mr. Aswin Kongsiri	4/4
9. Mr. Surachai Sirivallop	4/4
10. Mr. William Zentgraf	4/4
11. Mr. Sirichai Sombutsiri	3/4

Minutes of the meetings have been recorded and endorsed by Directors so that can be checked by interested parties.

Company Secretary

The Company Secretary provides support to the Board of Directors in obtaining legal advice, rendering recommendations on rules, regulations and laws, coordinating the activities of the Board of Directors and monitoring the Company's activities for compliance with the Board of Directors' resolutions.

Board and Management Training

The Board of Directors supports all Directors management executives and employees in seeking to improve and update their qualifications and skills through training. Management executives are also encouraged to monitor their subordinates so the Company maintains a depth of skilled and talented staff in the operation of the Company's business.

Conflict of Interest

The Board has drawn up a set of rules regarding conflict of interest in the code of conduct for Directors and employees. Careful consideration of any conflict of interest is implemented in compliance with the Stock Exchange of Thailand's regulation.

The company has a policy regarding the prevention of using inside information for personal benefits. Anyone who has no duty and responsibility in preparing financial reports cannot have access to the information unless it has been announced to the public. Moreover, all executives and personnel must immediately report to the Company Secretary any changes in their shareholding so that this information will be reported to the Chairwoman of the Board of Directors.

Business Ethics

A written code of conduct has been prepared for the Board of Directors, management and employees to serve as a guideline in executing their duties honestly to both the Company and every group of stakeholders, including the public and society. The Company also hold staff meetings regularly to communicate and follow the said guideline.

Control System and Internal Audit

The Company places importance on efficient control at both management and operational levels. There is supervision to ensure that Company's assets are used solely for the Company's benefits. There is segregation of duties for operational staff, supervisors and those undertaking evaluation to ensure the balance of auditing and controlling is appropriate. The Company is confident of the effectiveness of its internal control systems in protecting its assets and those of its subsidiaries.

Please refer to the Audit Committee Report.

Disclosure of Information and Transparency

Investor Relations

The Board of Directors recognizes the importance of accuracy, completeness and transparency of the information in both financial statements and general information including the critical regarding the Company's share price. Information is disseminated via the Stock Exchange of Thailand. The Company has not established an investor relations section but has assigned the Company's Finance Director to act as its representative in meeting with investors, shareholders as well as analyst and related government sectors. Investors can contact the Finance Director for more information at Tel. +662 659 0450 or email: Siriwan@mohg.com or the Company annual information disclosure form (form 56-1) at www.sec.or.th.

The Board of Directors adheres to the Code of Best Practices as exercised by the boards of listed companies and the Stock Exchange of Thailand.

Mandarin Oriental, Bangkok continuously operates the business with community relations, social equity, and social responsibility concerns. Responsibility is one of the Guiding Principles that has long been a core value which supports our mission and vision to be recognized as the best luxury hotel in the world. At Mandarin Oriental, Bangkok, it is understood that long-term success depends on the health and prosperity of the communities in which it does business and therefore, the aim of contributing to the community is given high priority. We commit to take part in promoting and improving the quality of life of the community by focusing on its needs and requirements and strengthening its sustainability.

In 2018, Mandarin Oriental, Bangkok demonstrated its accountability to the community through:

Social Activities

We, as ‘the Oriental Family’, have pulled together for our ‘Day Trips - Giving Back to Society’ at Samutprakarn province. There were 12 trips with the total of 1,033 colleagues and provided 3,099 hours to those in need. We furthered ‘Corporate Responsibility 2018’ which took place on Saturday 22 December 2018. Nearly 150 colleagues and hotel guests participated in the charity event. The highlights of event were Making Students Desks, Chairs, Bicycles and Phad Thai in Mega Pan in which MOBKK colleagues and Guests invested their time and energy together. This event allowed us to support Baan Nokkamin Foundation and Wat Bangkamin School.

Furthermore, since 2011, Mandarin Oriental, Bangkok has been supporting the socials, people and students and their families in the north east of Thailand by providing the opportunities to the students in vocational colleges. Those selected students are conducting the apprenticeship programme in Housekeeping department, Food and Beverage department and also Food Preparation department. During the time with us, they have been closely taken care and trained by our department heads and departmental trainers and they of course get the hands-on experience. Currently, 231 students have completed the programme and 59 students who became our Oriental family.

Community Activities

Furthermore, as part of our Guiding Principle ‘Acting with Responsibility’, we supported our nearby communities on National Children’s Day. We were also proud to have 80 colleagues participate in the campaign ‘Clean Up the World’. Our Oriental Family ably demonstrated our ability to take responsibility for the environment in our community and therefore we continued receiving positive feedback from our community.

STATISTICAL INFORMATION

	2018	2017	2016	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Balance Sheet					
Fixed assets	1,426.4	1,458.2	1,631.1	1,561.1	1,294.2
Net current liabilities	160.9	222.6	379.1	345.8	52.2
Non-current liabilities	654.2	655.0	703.7	628.0	616.4
Shareholder's funds	787.8	764.1	737.1	776.9	823.3
Profit					
Profit before financing charges and taxation	326.1	283.5	203.5	219.5	238.9
Profit before taxation	317.3	268.5	187.3	207.7	225.0
Profit attributable to shareholders	259.7	215.9	152.7	166.0	175.2
Dividends paid	241.7	181.2	196.3	211.4	271.7
Shares					
Earnings per share (Baht)	17.2	14.3	10.1	11.0	11.6
Dividend per share (Baht)	16.0	12.0	13.0	14.0	18.0
Total asset value per share (Baht)	123.8	125.2	141.4	132.7	120.4
Number of shares (Million shares)	15.1	15.1	15.1	15.1	15.1
Par value per share (Baht)	10.0	10.0	10.0	10.0	10.0

SUBSIDIARIES AND ASSOCIATED COMPANIES

Company's name	Nature of business	% Equity interest	Paid-up capital Million Baht
Baan Rim Naam Chao Phraya Co., Ltd.	Restaurant and Spa	100.0	0.1
Siam Flight Services Ltd.	Airline catering	26.0	3.0
Bagan Hotel Holding (Thailand) Co., Ltd.	Investment holding	100.0	4.0
Bagan Hotel Holding Company (BVI) Ltd.	Investment in a Myanmar hotel project	50.0	81.2

MANAGEMENT DISCUSSION AND ANALYSIS

THE OPERATING PERFORMANCE AND FINANCIAL STATUS

OVERVIEW

Mandarin Oriental, Bangkok reported a robust increase in profit over the prior year by Baht 43.8 million or 20.3%. Total revenue was Baht 76.2 million higher than last year. Room revenue for the year closed ahead of last year by Baht 20.8 million. Food and Beverage revenue for the year closed at Baht 959.9 million, Baht 67.0 million ahead of last year.

Le Normandie was again recognized by the Michelin Guide and retained its two stars. As in previous years, a series of celebrated chefs and mixologists from across the globe carried out promotions throughout our restaurants and bars. In 2018, our promotions extended to various outlets which included Chef Takagi Kuzuo a two Michelin star Chef from Japan featuring his cuisine in Lord Jim's. Lord Jim's also played host to the internationally acclaimed Chef Gaston Acurio from Peru. The King of Abalone, Chef Mai from Southern China collaborated with Chef Arnaud Sauthier of Le Normandie and produced a series of dinners at The China House. Lastly, Chef Richard Ekkebus of Amber Restaurant at The Landmark Mandarin Oriental, Hong Kong graced the hotel with his presence at Le Normandie. The aforementioned promotions served the hotel and its restaurants well by delivering new experiences to our valued clients. Bamboo Bar was featured in the highly acclaimed Asia's 50 Best Bars 2018, ranked at No. 9.

REVENUE

In 2018, the Company's hotel income was Baht 2,205.3 million, an increase of Baht 76.2 million or 3.6% over 2017. Room revenue increased by Baht 20.8 million or 2.4% as a result of an increase in occupancy by 1.0 percentage points, from 47.1% to 48.1%. Food and beverage revenues increased by Baht 67.0 million or 7.5% over the prior year mainly from higher of banqueting and catering revenues.

OPERATING EXPENSES

The Company's cost of sales and services in 2018 was Baht 1,216.1 million, a slightly increase of Baht 9.5 million or 0.8% compared to 2017 was associated with an increases in room and food and beverage revenues. Sales and marketing expenses increased by Baht 4.9 million or 5.3% from Baht 92.8 million to Baht 97.7 million. Administrative expenses increased by Baht 19.9 million or 3.5%, from Baht 576.7 million to Baht 596.6 million partly from an increase of management fees of Baht 4.6 million due to better performance and compensation of litigation case that the Company is liable to pay Baht 20.0 million together with interest at the rate of 7.5 percent per annum from 7 June 2013 according to note to financial statements as of 31 December 2018.

NET PROFIT

The Company's consolidated net profit for 2018 was Baht 259.7 million, an increase of Baht 43.8 million from Baht 215.9 million in the prior year, which represented 11.8% of hotel income (2017: 10.1%). Earnings per share were Baht 17.2 compared with Baht 14.3 in 2017.

ASSETS

As at 31 December 2018, the Company's consolidated assets amounted to Baht 1,868.4 million, a decrease of Baht 21.4 million or 1.1% from Baht 1,889.8 million as at the end of 2017 mainly due to the following factors:

1. Trade and other receivables, net totaling Baht 126.2 million (2017: Baht 135.2 million) decreased Baht 9.0 million due to an increase in trade accounts receivable turnover.
2. Other current assets totaling Baht 6.1 million (2017: Baht 14.3 million) decreased Baht 8.2 million as the Company received withholding tax refund.
3. Property, plant and equipment of Baht 1,409.8 million (2017: Baht 1,439.9 million) decreased Baht 30.1 million due to depreciation. The Company's property, plant and equipment are carried at depreciated cost which does not reflect its current market value.

LIABILITIES

The Company's consolidated liabilities as at 31 December 2018 amounted to Baht 1,080.5 million, a decrease of Baht 45.2 million or 4.0% from Baht 1,125.7 million in 2017. These liabilities included outstanding bank loans at Baht 420.0 million (2017: Baht 420.0 million).

The Company and its subsidiaries had committed borrowing facilities totaling Baht 810.0 million as at 31 December 2018 (2017: Baht 900.0 million), of which Baht 350.0 million was drawn at 31 December 2018 (2017: Baht 350.0 million). At 31 December 2018, the Company and its subsidiaries had Baht 460.0 million of committed, undrawn facilities in addition to its cash balances of Baht 114.4 million. The average tenor of the Company and its subsidiaries committed borrowings was two years. The Company's financial position remains strong.

SHAREHOLDERS' EQUITY

Shareholders' equity as at 31 December 2018 was Baht 787.8 million, an increase of Baht 23.7 million or 3.1% from Baht 764.1 million in 2017. This comprised of the following:

1. Authorized share capital of Baht 151.0 million (2017: Baht 151.0 million)
2. Legal reserve of Baht 16.0 million (2017: Baht 16.0 million)
3. Retained earnings of Baht 620.9 million (2017: Baht 597.2 million).

The book value per share increased from Baht 50.6 per share in 2017 to Baht 52.2 per share in 2018 mainly due to the fact that net profit in 2018 was higher compared to the year 2017.

CASH FLOWS

The cash flow statement shows cash flows from operating, investing and financing activities during the year. The ending balance of cash and cash equivalent as at 31 December 2018 was Baht 114.4 million, an increase of Baht 32.6 million from last year's balance of Baht 81.8 million, as a result of the following:

1. The net cash generated from operating activities of Baht 450.8 million which was a decrease of Baht 40.5 million from Baht 491.3 million in 2017, mainly due to an increase of Baht 15.3 million from income tax paid and increase in working capital of Baht 50.1 million comprising of trade and other receivables, other current assets and trade and other payables.
2. The net cash used in investing activities was Baht 176.5 million, an increase of Baht 92.3 million from Baht 84.2 million in 2017, mainly due to additional purchase of property, plant and equipment compared to last year.
3. The net cash used in financing activities was Baht 241.7 million, a decrease of Baht 269.5 million from the net cash from financing activities of Baht 511.2 million in 2017, mainly due to the net repayment of loans decreased by totaling Baht 330.0 million while the dividend payment increased by Baht 60.6 million.

COMMITMENTS

As at 31 December 2018, the Company and its subsidiaries have the following outstanding commitments:

1. The Company has entered into management and license agreements with its overseas affiliated companies. The agreements are effective from the year 1988 for a ten year period with options to extend for two further periods of ten years each. Subsequently, the Company exercised such options to extend for two further period of ten years each. In 2018, the Company has extended the agreements for another two further periods of ten years each. The affiliated companies will provide service of hotel management and trademark to the Group. The Group is committed to pay fees based on these long-term management agreements on normal commercial terms.
2. The following lease commitments are payable by the Company and its subsidiaries:

Descriptions	The Group (Million Baht)	The Company (Million Baht)
Not later than 1 year	65	83
Later than 1 year but not later than 5 years	197	270
Later than 5 years	824	1,055
Total lease commitments payable as at 31 December 2018	1,086	1,408
Total lease commitments payable as at 31 December 2017	1,129	396

3. The Group and the Company have outstanding capital expenditure and construction commitments of Baht 118.51 million and Baht 118.51 million, respectively (2017: Baht 94.01 million and Baht 89.62 million, respectively).

PERFORMANCE OF BUSINESS FUNCTIONS

REVENUE STRUCTURE

Nature of business	Managed by	%	2016		2017		2018	
			Revenue (Million Baht)	%	Revenue (Million Baht)	%	Revenue (Million Baht)	%
Hotel, Restaurants and Spa	OHTL Public Company Limited							
	- Room revenue		809.1		876.3		897.1	
	- Food & Beverage revenue		771.9		777.7		888.5	
	- Spa revenue		-		-		28.1	
	- Others revenue		267.3		262.6		249.2	
	Total revenue		1,848.3	89.3	1,916.6	88.7	2,062.9	92.3
Restaurant and Spa	Baan Rim Naam Chao Phraya Company Limited	100.0						
	- Food & Beverage revenue		111.4		115.2		71.4	
	- Spa revenue		65.5		74.3		39.8	
	- Others revenue		22.7		27.8		34.9	
	Total revenue		199.6	9.7	217.3	10.1	146.1	6.5
Investment holding	Bagan Hotel Holding (Thailand) Company Limited	100.0	-	-	-	-	-	-
Airline catering	Siam Flight Services Limited	26.0	21.3	1.0	25.7	1.2	27.5	1.2
	Grand total		2,069.2	100.0	2,159.6	100.0	2,236.5	100.0

CAPITAL IMPROVEMENT

Mandarin Oriental, Bangkok completed a “back of house” renovation to two key areas which included the bakery kitchen and butchery areas of the hotel and the general store areas located in the basement of the River Wing which has resulted in improved workflow. The project was completed as scheduled and within the forecasted project cost.

In 2019, the River Wing will undergo a renovation which is designed to address the aging product of our rooms, increasing room sizes to effectively compete with new supply to the market and to preserve our heritage and further enhance our market position in the luxury five-star hotel segment. The renovation project scope includes the River Wing rooms, Verandah Restaurant and Terrace, Lord Jim’s Restaurant and public areas such as the main hotel lobby.

A total investment of Baht 2 billion (excluding capitalized interest of approximately Baht 20 million) is forecasted. The renovation is scheduled to commence in March 2019, during the hotel’s low season and is expected to be completed by December 2019. Various sections of the hotel will be reopened in September 2019, with a full reopening scheduled in December. The Authors’ and Garden Wings, and other Food and Beverage facilities (Including Sala Rim Naam, Terrace Rim Naam, Le Normandie and the China House), will remain operational during the renovation period.

Post-renovation, the total number of keys (including all Wings) will reduce to 331 (from 368) while the number of suites will increase to 60 (from 44), representing a post-renovation suite ratio of 18% (compared to 12% pre-renovation).

THE INDUSTRY AND COMPETITION : RISK FACTORS

THE INDUSTRY AND COMPETITION

The oversupply of hotel rooms in Bangkok is expected to continue in 2019. Tourism continues to be affected by concerns of travelers in term of with the large supply of hotel rooms puts pressure on citywide hotel occupancy levels, and average room rates in particular. The Company continues to maintain the hotel and its operation to the highest standard to ensure consistent recognition as one of the best hotels in the world and to maintain its leading position in the local market.

RISK FACTORS

The hotel's business levels may be adversely impacted by a number of risks, including the impact of a loss of business caused by various factors including political uncertainty and global security risk, the possibility of a natural disaster and terrorism. The Company will also face the risk of increased competition in the future as more new hotels are added to the city's supply of luxury hotels. In addition, the Company's activities are also exposed to a variety of financial risks, including the effect from changes in interest rates, foreign currency exchange rates and credit risk.

Risk management is carried out by the Company's management. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company has normal exposure to interest rate risk which relates primarily to deposits at banks and loans from banks. The Company has put hedging in place in the form of interest rate caps in order to partially mitigate the risk of increased interest rates.

The Company continues to place significant emphasis on the maintenance of the property. Fire, Life, Health, Safety, Security and Environmental issues remain a top priority in order to protect the safety of its guests and colleagues.

THE COMPANY'S STRUCTURE

THE COMPANY'S STRUCTURE

The Company's structure is composed of The Board of Directors and The Audit Committee.

The Board of Directors is composed of eleven Directors:-

1.	Mrs. Nijaporn Charanachitta	Chairwoman
2.	Mr. Peter James Holland Riley	Director
3.	Mr. Charles Stuart Dickie (1 January – 31 October 2018)/ Mr. Craig Alan Beattie (1 November 2018 – present)	Director
4.	Mr. Yuthachai Charanachitta	Director
5.	Mr. Archibald David Keswick	Director
6.	Mr. Richard Daniel Baker (29 January 2018 – present)	Director
7.	Mr. Gregory Bruce Liddell	Director and Managing Director
8.	Mr. Aswin Kongsiri	Independent Director
9.	Mr. Surachai Sirivallop	Independent Director
10.	Mr. William Zentgraf	Independent Director
11.	Mr. Sirichai Sombutsiri	Independent Director

The Audit Committee is composed of three Directors:-

1.	Mr. Aswin Kongsiri	Chairman of Audit Committee
2.	Mr. Surachai Sirivallop	Audit Committee
3.	Mr. William Zentgraf	Audit Committee

Numbers and names of the Directors who are authorized to sign to bind the Company are Mrs. Nijaporn Charanachitta or Mr. Yuthachai Charanachitta signing with Mr. Peter James Holland Riley or Mr. Charles Stuart Dickie (1 January – 31 October 2018)/ Mr. Craig Alan Beattie (1 November 2018 – present) or Mr. Gregory Bruce Liddell together with the Company's seal affixed.

The election of a Director is voted by cumulative voting under section 70 of the Public Limited Companies Act. All shareholders shall have equal right to vote for the election of a Director in accordance with the number of shares held in the Company. The current Board of Directors is composed of two groups of major shareholders: five Directors from Mandarin Oriental Hotel Group consisting of Mr. Peter James Holland Riley, Mr. Charles Stuart Dickie (1 January – 31 October 2018)/ Mr. Craig Alan Beattie (1 November 2018 – present), Mr. Archibald David Keswick, Mr. Richard Daniel Baker (29 January 2018 – present) and Mr. Gregory Bruce Liddell, and two Directors from Italthai Group consisting of Mrs. Nijaporn Charanachitta and Mr. Yuthachai Charanachitta. The other four Directors are Independent Directors.

CODE OF BEST PRACTICES

The Board of Directors has developed its principles of corporate governance based on the code of best practices of the Stock Exchange of Thailand in good corporate governance.

USED OF INTERNAL INFORMATION

The management has to report the trading of stocks. The Board of Directors received the internal audit report from the Audit Committee that the Company's internal audit has been done adequately and appropriately which can protect the assets of both the Company and its subsidiaries. No one can have privileged use of the Company's assets without prior approval.

SHAREHOLDERS

Group of Shareholders	31 December 2018	
	Number of Shares	%
Group of Mandarin Oriental Holdings B.V.	7,183,500	47.58

List of Major Shareholders	31 December 2018	
	Number of Shares	%
Mandarin Oriental Holdings B.V.	6,399,500	42.39
Mrs. Nijaporn Charanachitta	3,506,098	23.22
Chaophaya Development Corporation Limited	1,600,000	10.60
Thailand Securities Depository Co., Ltd. for Depositors (Local)	1,390,688	9.21
Thailand Securities Depository Co., Ltd. for Depositors (Foreign)	699,974	4.64
Mrs. Pilaichit Reungpittaya	285,019	1.89
Mr. Premchai Karnasuta	271,520	1.80
Mr. Yuthachai Charanachitta	235,250	1.56
Ms. Valaithip Charanachitta	80,000	0.53
Ms. Chitrphan Charanachitta	80,000	0.53

COMPANY INVESTMENT

Company's name	Head office address	Nature of business	Paid-up capital	Equity interest	Capital	Value of investment	Major shareholder and Other shareholder
			(%)	(%)	(Million Baht)	(Million Baht)	
Baan Rim Naam Chao Phraya Company Limited	Bangkok	Restaurant and Spa	100.0	100.0	0.1	(190.0)	
Bagan Hotel Holding (Thailand) Company Limited	Bangkok	Investment holding	100.0	100.0	4.0	(54.1)	
Siam Flight Services Limited	Bangkok	Airline catering	100.0	26.0	9.5	78.3	LSG Catering (Thailand) Limited
Bagan Hotel Holding Company (BVI) Limited	Hong Kong	Investment in a Myanmar hotel project	100.0	50.0	40.6	-	