

**PART III**  
**FINANCIAL POSITION AND OPERATING RESULTS**

**13. FINANCIAL HIGHLIGHTS**

**13.1 Summary of Financial Position and Operating Results for the past 3 years**

**13.1.1 Summary of Auditors' Findings and Significant Accounting Policies**

**Conclusion of the Auditor's Report**

**For the year ended 31 December 2019**

The name of Company's and its subsidiaries' auditor for the 2019 Financial Statements is Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 of EY Office Limited.

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditor issued a clean audit opinion on the financial statements for the year ended 31 December 2019 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

**For the year ended 31 December 2018**

The name of Company's and its subsidiaries' auditor for the 2018 Financial Statements is Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 of EY Office Limited.

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditor issued a clean audit opinion on the financial statements for the year ended 31 December 2018 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

**For the year ended 31 December 2017**

The name of Company's auditor for the 2017 Financial Statements is Sophon Permsirivallop, Certified Public Accountant (Thailand) No. 3182 of EY Office Limited and the name of its subsidiaries' auditor is Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 of EY Office Limited.

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditor issued a clean audit opinion on the financial statements for the year ended 31 December 2017 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

**New financial reporting standards**

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

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

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

The Group adopted TFRS 15 using the full retrospective method of adoption. The Group elects to apply the following practical expedient.

- Not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

The management of the Group expect the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investment in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

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

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 51 million (the Company only: approximately Baht 6 million) and the Group's liabilities by approximately Baht 66 million (the Company only: approximately Baht 8 million).

### 13.1.2 Summary of Financial Statements

#### Consolidated Income Statement

Unit: Baht

	Consolidated		
	<u>2019</u>	<u>2018</u> (Restated)	<u>2017</u>
<b>Revenue</b>			
Revenue from hotel operations	3,356,259,391	3,572,747,471	3,657,314,373
Revenue from property development operations	2,568,162,685	1,705,618,276	927,254,458
Revenue from office rental operations	91,182,662	98,667,116	95,118,935
Other income	142,215,981	101,404,100	177,876,349
<b>Total revenue</b>	<b>6,157,820,719</b>	<b>5,478,436,963</b>	<b>4,857,564,115</b>
<b>Expenses</b>			
Cost of hotel operations	2,083,085,206	2,043,390,377	2,085,772,044
Cost of property development operations	1,486,462,100	1,132,780,838	619,146,148
Cost of office rental operations	42,557,058	49,879,209	43,023,352
Selling expenses	476,391,632	430,865,563	408,734,719
Administrative expenses	1,359,129,324	1,518,113,767	1,389,514,749
<b>Total expenses</b>	<b>5,447,625,320</b>	<b>5,175,029,754</b>	<b>4,546,191,012</b>
<b>Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax expenses</b>	<b>710,195,399</b>	<b>303,407,209</b>	<b>311,373,103</b>
Share of profit (loss) from investment in associate	4,779,916	65,627,750	(3,121,399)
<b>Profit before finance cost and income tax expenses</b>	<b>714,975,315</b>	<b>369,034,959</b>	<b>308,251,704</b>
Finance cost	(132,252,130)	(158,178,352)	(176,782,230)
<b>Profit (loss) before income tax expenses</b>	<b>582,723,185</b>	<b>210,856,607</b>	<b>131,469,474</b>
Income tax expenses	(224,517,782)	(127,630,259)	(68,361,052)
<b>Profit for the year</b>	<b>358,205,403</b>	<b>83,226,348</b>	<b>63,108,422</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	364,101,439	87,697,417	59,535,487
Non-controlling interests of the subsidiaries	(5,896,036)	(4,471,069)	3,572,935
	<b>358,205,403</b>	<b>83,226,348</b>	<b>63,108,422</b>
<b>Basic earnings per share</b>			
Profit attributable to equity holders of the Company	2.18	0.53	0.36

**Consolidated Statement of Comprehensive Income**

Unit: Baht

	<b>Consolidated</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b> <b>(Restated)</b>	<b><u>2017</u></b>
<b>Profit for the year</b>	<b>358,205,403</b>	<b>83,226,348</b>	<b>63,108,422</b>
<b>Other comprehensive income:</b>			
Exchange differences on translation of financial statements in foreign currency	2,140,604	8,004,633	6,191,041
Actuarial gain (loss) of post-employment benefits, net of income tax	-	(9,101,458)	-
Share of other comprehensive income (loss) of associate	-	(9,101,458)	(19,261,500)
Unrealised gain on available-for-sales security, net of income tax	(10,544,062)	1,023,085	-
Addition (reversal) of revaluation surplus on assets, net of income tax	812,375,853	-	-
<b>Other comprehensive income (loss) for the year</b>	<b>803,972,395</b>	<b>(73,740)</b>	<b>(13,070,459)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>1,162,177,798</b>	<b>83,152,608</b>	<b>50,037,963</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Equity holders of the Company	1,165,764,915	87,946,167	48,329,907
Non-controlling interests of the subsidiaries	(3,587,117)	(4,793,559)	1,708,056
	<b>1,162,177,798</b>	<b>83,152,608</b>	<b>50,037,963</b>

**Consolidated Statement of Financial Position**

Unit: Baht

	<b>Consolidated</b>		
	<b>31 December 2019</b>	<b>31 December 2018 (Restated)</b>	<b>31 December 2017</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	632,543,523	601,678,401	1,009,981,428
Current investment – short-term fixed deposit	-	14,044,883	13,006,461
Trade and other receivables	813,940,591	636,051,262	704,568,196
Inventories	88,325,038	101,116,835	112,597,365
Property development cost	4,138,397,889	3,815,339,965	3,985,979,399
Cost to obtain contracts with customers	99,982,089	70,722,274	-
Other current assets	241,838,015	271,722,731	138,879,245
<b>Total current assets</b>	<b>6,015,027,145</b>	<b>5,510,676,351</b>	<b>5,965,012,094</b>
<b>Non-current assets</b>			
Long-term restricted deposits at financial institution	37,872,733	41,189	41,189
Long-term fixed deposit	2,268,852	2,178,200	2,178,200
Long-term trade accounts receivable	796,461,495	488,042,448	322,174,524
Investments in associates	981,182,127	1,015,217,329	928,399,146
Other long-term investments	606,364,594	606,364,594	606,364,594
Investment properties	1,411,202,087	1,233,350,769	1,165,333,970
Property, plant and equipment	13,177,872,310	11,526,678,951	11,299,858,680
Deferred tax assets	54,198,090	78,025,222	98,127,654
Goodwill	407,903,881	407,903,881	407,903,881
Leasehold rights	5,811,485	8,637,717	11,460,947
Other non-current assets	30,152,248	25,917,223	76,852,868
<b>Total non-current assets</b>	<b>17,511,289,902</b>	<b>15,392,357,523</b>	<b>14,918,695,653</b>
<b>TOTAL ASSETS</b>	<b>23,526,317,047</b>	<b>20,903,033,874</b>	<b>20,883,707,747</b>

**Consolidated Statement of Financial Position (continued)**

Unit: Baht

	<b>Consolidated</b>		
	<b>31 December 2019</b>	<b>31 December 2018 (Restated)</b>	<b>31 December 2017</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	1,117,000,000	450,000,000	510,000,000
Trade and other payables	1,188,160,411	1,020,813,844	924,894,679
Current portion of long-term loans from financial institutions	899,235,358	673,343,101	518,609,850
Current portion of unsecured debenture	-	-	497,979,879
Income tax payable	26,851,373	38,800,305	38,182,203
Advance received from customers	955,996,163	904,919,466	812,247,751
Other current liabilities	261,323,369	195,430,761	166,557,930
<b>Total current liabilities</b>	<b>4,448,566,674</b>	<b>3,283,307,477</b>	<b>3,468,472,292</b>
<b>Non-current liabilities</b>			
Long-term loans from financial institutions – net of current portion	3,959,091,576	2,323,850,568	2,207,869,615
Long-term loan from related company	26,950,000	-	-
Provision for long-term employee benefits	74,328,953	65,492,702	55,168,000
Provision for legal case	18,314,159	20,681,911	41,017,534
Deferred tax liabilities	2,676,464,668	2,358,878,779	2,339,128,136
Other non-current liabilities	110,029,557	121,408,438	111,373,992
<b>Total non-current liabilities</b>	<b>6,865,178,913</b>	<b>4,890,312,398</b>	<b>4,754,557,277</b>
<b>Total liabilities</b>	<b>11,313,745,587</b>	<b>8,173,619,875</b>	<b>8,223,029,569</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
211,675,358 ordinary shares of Baht 10 each	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up			
166,682,701 ordinary shares of Baht 10 each	1,666,827,010	1,666,827,010	1,666,827,010
Share premium	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	568,130,588	568,130,588	568,130,588
Retained earnings			
Appropriated – statutory reserve	211,675,358	211,675,358	211,675,358
Unappropriated	1,858,942,161	3,043,537,032	2,970,280,205
Other components of shareholders' equity	5,704,657,240	4,922,763,641	4,922,513,837
Equity attributable to owner of the Company	12,072,692,939	12,475,394,211	12,401,887,580
Equity attributable to non-controlling interests of the subsidiaries	139,878,521	254,019,788	258,790,598
<b>Total shareholders' equity</b>	<b>12,212,571,460</b>	<b>12,729,413,999</b>	<b>12,660,678,178</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>23,526,317,047</b>	<b>20,903,033,874</b>	<b>20,883,707,747</b>



**Consolidated Cash Flow Statement**

Unit: Baht

	<b>Consolidated</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Cash flows from (used in) operating activities</b>			
Net cash inflows (outflows) from operating activities	158,994,126	486,423,530	705,232,365
<b>Cash flows from (used in) investing activities</b>			
Net cash inflows (outflows) from investing activities	(1,008,386,250)	(553,878,662)	22,427,252
<b>Cash flows from (used in) financing activities</b>			
Net cash inflows (outflows) from financing activities	876,062,928	(352,624,494)	(401,003,381)
Net exchange differences on transaction of financial statements in foreign currency	4,194,318	11,776,599	13,555,405
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>30,865,122</b>	<b>(408,303,027)</b>	<b>340,211,641</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>601,678,401</b>	<b>1,009,981,428</b>	<b>669,769,787</b>
<b>Cash and cash equivalents at end of year</b>	<b>632,543,523</b>	<b>601,678,401</b>	<b>1,009,981,428</b>

**Separate Income Statement**

Unit: Baht

	<b>Separate</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Revenue</b>			
Revenue from hotel operations	36,296,848	37,370,516	38,558,068
Revenue from property development operations	349,960	629,510	542,350
Revenue from office rental operations	21,577,181	21,339,103	21,506,254
Other income	1,227,348,803	172,276,789	302,722,669
<b>Total revenue</b>	<b>1,285,572,792</b>	<b>231,615,918</b>	<b>363,329,341</b>
<b>Expenses</b>			
Cost of hotel operations	29,434,088	29,441,874	29,920,230
Cost of office rental operations	7,082,740	6,728,901	6,506,250
Selling expenses	2,068,056	1,590,391	892,091
Administrative expenses	173,749,198	184,508,760	173,317,066
<b>Total expenses</b>	<b>212,334,082</b>	<b>222,269,926</b>	<b>210,635,637</b>
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>1,073,238,710</b>	<b>9,345,992</b>	<b>152,693,704</b>
Finance cost	(53,474,500)	(39,015,177)	(48,974,858)
<b>Profit (loss) before income tax expenses</b>	<b>1,019,764,210</b>	<b>(29,669,185)</b>	<b>103,718,846</b>
Income tax expenses	491,674	9,869,096	(9,737,847)
<b>Profit (loss) for the year</b>	<b>1,020,255,884</b>	<b>(19,800,089)</b>	<b>93,980,999</b>
<b>Profit (loss) attributable to:</b>			
Equity holders of the Company	1,020,255,884	(19,800,089)	93,980,999
<b>Basic earnings per share</b>			
Profit (loss) attributable to equity holders of the Company	6.12	(0.12)	0.56

**Separate Statement of Comprehensive Income**

Unit: Baht

	<b>Separate</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Profit (loss) for the year</b>	<b>1,020,255,884</b>	<b>(19,800,089)</b>	<b>93,980,999</b>
<b>Other comprehensive income:</b>			
Actuarial gain (loss) of post-employment benefits, net of income tax	-	(2,250,883)	-
Unrealised gain on available-for-sales security, net of income tax	-	-	-
Addition (reversal) of revaluation surplus on assets, net of income tax	2,270,437	-	-
<b>Other comprehensive income for the year</b>	<b>2,270,437</b>	<b>(2,250,883)</b>	<b>-</b>
<b>Total comprehensive income (loss) for the year</b>	<b>1,022,526,321</b>	<b>(22,050,972)</b>	<b>93,980,999</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Equity holders of the Company	1,022,526,321	(22,050,972)	93,980,999

**Separate Statement of Financial Position**

Unit: Baht

	<b>Separate</b>		
	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	21,705,541	22,643,210	40,237,700
Trade and other receivables	64,262,353	62,818,881	46,323,003
Property development cost	111,429,000	111,429,000	127,156,741
Other current assets	15,194,230	15,115,506	14,796,410
<b>Total current assets</b>	<b>212,591,124</b>	<b>212,006,597</b>	<b>228,513,854</b>
<b>Non- current assets</b>			
Long-term fixed deposit	2,268,852	2,178,200	2,178,200
Investments in subsidiaries	4,242,655,371	4,242,655,371	4,242,655,371
Investments in associates	777,454,049	777,454,049	777,454,049
Long-term loans to subsidiaries	1,905,550,000	987,000,000	978,000,629
Investment properties	181,619,106	183,621,330	185,726,984
Property, plant and equipment	42,546,018	42,090,404	60,216,180
Other non-current assets	1,342,353	1,342,353	1,290,452
<b>Total non-current assets</b>	<b>7,153,435,749</b>	<b>6,236,341,407</b>	<b>6,247,521,865</b>
<b>TOTAL ASSETS</b>	<b>7,366,026,873</b>	<b>6,448,348,004</b>	<b>6,476,035,719</b>

**Separate Statements of Financial Position (continued)**

Unit: Baht

	Separate		
	31 December 2019	31 December 2018	31 December 2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	650,000,000	240,000,000	260,000,000
Trade and other payables	38,605,983	33,678,514	34,521,104
Current portion of long-term loans from financial institutions	37,000,000	3,875,000	500,000
Advance received from customers	175,310	503,847	179,933
Other current liabilities	24,225,492	7,621,536	7,892,350
<b>Total current liabilities</b>	<b>750,006,785</b>	<b>285,678,897</b>	<b>303,093,387</b>
<b>Non- current liabilities</b>			
Long-term loans from subsidiaries	173,000,000	433,500,000	346,000,000
Long-term loans from financial institutions – net of current portion	1,326,809,446	70,250,000	74,125,000
Provision for long-term employee benefits	19,637,813	16,270,273	14,787,472
Deferred tax liabilities	106,852,652	106,776,717	117,208,534
Other non-current liabilities	5,796,736	6,008,810	5,568,349
<b>Total non-current liabilities</b>	<b>1,632,096,647</b>	<b>632,805,800</b>	<b>557,689,355</b>
<b>Total liabilities</b>	<b>2,382,103,432</b>	<b>918,484,697</b>	<b>860,782,742</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
211,675,358 ordinary shares of Baht 10 each	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up			
166,682,701 ordinary shares of Baht 10 each	1,666,827,010	1,666,827,010	1,666,827,010
Share premium	2,062,460,582	2,062,460,582	2,062,460,582
Retained earnings			
Appropriated – statutory reserve	211,675,358	211,675,358	211,675,358
Unappropriated	901,647,099	1,449,857,402	1,531,571,228
Other components of shareholders' equity	141,313,392	139,042,955	142,718,799
<b>Total shareholders' equity</b>	<b>4,983,923,441</b>	<b>5,529,863,307</b>	<b>5,615,252,977</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7,366,026,873</b>	<b>6,448,348,004</b>	<b>6,476,035,719</b>

**Separate Cash Flow Statement**

Unit: Baht

	<b>Separate</b>		
	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Cash flows from (used in) operating activities</b>			
Net cash inflows (outflows) from operating activities	17,999,612	(32,094,286)	72,507,695
<b>Cash flows from (used in) investing activities</b>			
Net cash inflows (outflows) from investing activities	110,344,460	10,838,494	323,915,751
<b>Cash flows from (used in) financing activities</b>			
Net cash inflows (outflows) from financing activities	(129,281,741)	3,661,320	(374,392,005)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(937,669)</b>	<b>(17,594,490)</b>	<b>22,031,441</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>22,643,210</b>	<b>40,237,700</b>	<b>18,206,259</b>
<b>Cash and cash equivalents at end of year</b>	<b>21,705,541</b>	<b>22,643,210</b>	<b>40,237,700</b>

### 13.1.3 Financial ratios of the Company and its subsidiaries

#### CONSOLIDATED FINANCIAL RATIOS

		Consolidated		
		<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Liquidity Ratios</u></b>				
Current Ratio	Times	1.35	1.68	1.72
Quick Ratio	Times	0.29	0.35	0.47
Cash Flow From Operating Activities Ratio	Times	0.04	0.15	0.24
Receivables Turnover	Times	9.70	9.62	7.44
Collection Period	Days	37.11	37.42	48.39
Inventory Turnover	Times	21.99	20.21	18.33
Inventory Turnover Period	Days	16.37	17.81	19.64
Accounts Payable Turnover	Times	2.58	2.67	2.76
Payment Period	Days	139.53	134.83	130.43
Cash Cycle	Days	(86.05)	(79.59)	(62.41)
<b><u>Profitability Ratios</u></b>				
Gross Profit Margin	%	39.95	40.00	41.28
Profit Margin from Operations	%	11.81	5.46	6.65
Net Profit Margin	%	5.91	1.60	1.23
Return On Equity	%	2.93	0.69	0.47
<b><u>Efficiency Ratios</u></b>				
Return On Total Assets	%	1.64	0.42	0.29
Return On Fixed Assets	%	5.67	3.63	3.33
Asset Turnover	Times	0.28	0.26	0.23

**CONSOLIDATED FINANCIAL RATIOS (Continued)**

			<b>Consolidated</b>		
			<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b><u>Financial Policy Ratios</u></b>					
Debt To Equity	Times		0.93	0.64	0.65
Interest Coverage	Times		2.87	4.77	5.69
Payout Ratio (Cash Basis)	Times		0.05	0.27	0.84
Dividend Payout Ratio	%		461.14	72.22	72.79
<b><u>Share value</u></b>					
Book Value Per Share	Baht		73.27	76.37	75.96
Earnings Per Share	Baht		2.18	0.53	0.36
Dividend Per Share	Baht		9.43	0.41	0.38
<b><u>Growth rate</u></b>					
Total Assets	%		12.93	0.34	0.76
Total Liabilities	%		38.66	0.17	2.28
Total Revenues	%		12.38	(0.02)	(9.06)
Total Expenses	%		5.05	(0.21)	(0.96)
Net Income (Loss)	%		355.02	9.60	(84.34)



**SEPARATE FINANCIAL RATIOS**

		Separate		
		<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Liquidity Ratios</u></b>				
Current Ratio	Times	0.28	0.74	0.75
Quick Ratio	Times	0.03	0.09	0.14
Cash Flow From Operating Activities Ratio	Times	0.03	(0.11)	0.24
Receivables Turnover	Times	11.17	10.34	8.41
Collection Period	Days	32.23	34.82	42.81
Inventory Turnover	Times	-	-	-
Inventory Turnover Period	Days	-	-	-
Accounts Payable Turnover	Times	16.70	18.73	23.08
Payment Period	Days	21.56	19.22	15.60
Cash Cycle	Days	10.67	15.60	27.21
<b><u>Profitability Ratios</u></b>				
Gross Profit Margin	%	37.28	39.04	39.90
Profit Margin from Operations	%	1,843.29	15.75	251.94
Net Profit Margin	%	79.36	(8.55)	25.87
Return On Equity	%	19.41	(0.36)	1.68
<b><u>Efficiency Ratios</u></b>				
Return On Total Assets	%	14.77	(0.31)	1.42
Return On Fixed Assets	%	457.27	(5.00)	41.70
Asset Turnover	Times	0.19	0.04	0.05

SEPARATE FINANCIAL RATIOS (Continued)

		Separate		
		<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Financial Policy Ratios</u></b>				
Debt To Equity	Times	0.48	0.17	0.15
Interest Coverage	Times	1.39	0.32	2.47
Payout Ratio (Cash Basis)	Times	0.00	(0.02)	0.04
Dividend Payout Ratio	%	153.73	(319.89)	46.11
<b><u>Share value</u></b>				
Book Value Per Share	Baht	29.90	33.18	33.69
Earnings Per Share	Baht	6.12	(0.12)	0.56
Dividend Per Share	Baht	9.43	0.41	0.38
<b><u>Growth rate</u></b>				
Total Assets	%	14.23	(0.43)	(4.04)
Total Liabilities	%	159.35	6.70	(27.32)
Total Revenues	%	455.05	(36.25)	(63.29)
Total Expenses	%	(4.47)	5.52	(25.19)
Net Income (Loss)	%	5,252.78	121.07	85.59

#### **14. MANAGEMENT DISCUSSION AND ANALYSIS**

##### **14.1 Analysis on Operating Results and Financial Position**

For the year ended 31 December 2019, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 364 million which was Baht 276 million higher when compared to the year before.

Total revenue for the year increased by Baht 679 million as compared to last year and this was mainly due to the following:

- Revenue from property development operations which comprise property sales and the sale of holiday club memberships increased by Baht 863 million. The revenue recognition of the property sales projects, as a result of Banyan Tree Villas and Cassia Residence Phuket, was higher when compared to the year before. This was partially offset by a drop in the sale of holiday club memberships. As of 31 December 2019, there is a total of Baht 3,098 million in property sales revenue which will be recognized in the future barring any cancellations.
- The overall revenue from hotel operations which comprise hotel, golf and retail operations decreased by Baht 216 million over the prior year as a result of a reduction in occupancy of Laguna Phuket hotels. The occupancy was adversely impacted by renovations and constructions within and around some of the Laguna Phuket hotels, the strong Thai Baht, and the drop in Chinese tourist arrivals into Thailand.
- Revenue from office rental operations which includes retail leasing decreased by Baht 7 million due largely to the decrease in occupancy of Thai Wah Tower office.
- Other income increased by Baht 41 million from the gain on revaluation of investment properties amounting to Baht 36 million.

Total expenses increased by Baht 273 million as compared to last year mainly due to the following:

- Cost of property development operations increased by Baht 354 million as more property sales were recognized during the period offset by lower cost of sales of holiday club memberships.
- Cost of hotel operations increased by Baht 40 million due to the operating cost Laguna Holiday Club Resorts which is now classified under the hotel segment, offset by the lower cost of other hotels which is in line with the lower hotel revenue.
- Cost of office rental operations decreased by Baht 7 million as a result of lower building repair expenses.
- Selling expenses increased by Baht 46 million which is principally due to higher commission expense, specific business tax and transfer fee relating to property sales.
- Administrative expenses decreased by Baht 159 million largely as a result of lower payroll costs, legal & professional fee and rental expenses.

Share of profit from investment in associates decreased by Baht 61 million mainly relates to lower profit from Banyan Tree China Pte. Ltd.

Finance cost decreased by Baht 26 million as compared to the same period last year due to the capitalization of interests relating to Cassia 3, Banyan Tree expansion, Banyan Tree Grande Residences, Dhawa and Angsana Ocean View projects which were under construction.

Income tax expenses increased by Baht 97 million as compared to the prior year because of the higher taxable profit of property sales operation in this year.

Loss attributable to non-controlling interests of the subsidiaries increased by Baht 1 million which is primarily caused by the loss of Talang Development Co., Ltd. offset by gain from gallery operation.

For the reasons stated above, the Company's profit in 2019 is higher as compared to the prior year.

### **Hotel Operations**

(Unit: Million Baht)

	<b>2019</b>	<b>%</b>	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
<b>Revenues</b>	3,356	100	3,572	100	3,657	100
<b>Expenses</b>	<u>2,083</u>	<u>62</u>	<u>2,043</u>	<u>57</u>	<u>2,086</u>	<u>57</u>
<b>Gross Operating Profit</b>	<u>1,273</u>	<u>38</u>	<u>1,529</u>	<u>43</u>	<u>1,571</u>	<u>43</u>

Hotel revenues were lower Baht 216 million than last year and expenses were higher Baht 40 million than last year resulting in operating profit being Baht 256 million lower. The operating profit margin of 38 percent was lower than 2018 and 2017 which were the same as 43 percent. The main reasons for this were:

- The decrease in revenue of hotel operations is due to reduction in occupancy of Laguna Phuket hotels.
- Cost of hotel operations increased by Baht 40 million due to the operating cost Laguna Holiday Club Resorts which is now classified under the hotel segment, offset by the lower cost of other hotels which is in line with the lower hotel revenue.

### **Property Sales and Holiday Club Membership Operations**

(Unit: Million Baht)

	<b>2019</b>	<b>%</b>	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
<b>Revenues</b>	2,568	100	1,706	100	927	100
<b>Expenses</b>	<u>1,486</u>	<u>58</u>	<u>1,133</u>	<u>66</u>	<u>619</u>	<u>67</u>
<b>Gross Operating Profit</b>	<u>1,082</u>	<u>42</u>	<u>573</u>	<u>34</u>	<u>308</u>	<u>33</u>

Revenues and expenses were Baht 862 million and Baht 353 million, respectively, higher than last year resulting in a gross operating profit which is Baht 509 million higher. The operating margin of 42 percent was higher than the year 2018 which was 34 percent and the 2017 level of 33 percent. The main reasons for the higher revenue is because 222 units were recognized in the year 2019 due to accounting income recognition policy as compared to 111 units in 2018 and 57 units in the year 2017. The income of the remaining sold units will be recognized over the next several years.

### **Balance Sheet**

The main balance sheet items at 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	<b>Note</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Cash and cash equivalents	1	633	602
Trade and other receivables	2	1,559	1,079
Property development cost	3	4,138	3,815
Investment in associates	4	981	1,015
Investment properties	5	1,411	1,233
Property, plant, equipment and land	6	13,178	11,527
Loans from banks	7	5,975	3,447
Deferred tax liabilities	8	2,676	2,345
Shareholders' equity	9	12,213	12,729

The main points to be noted in regard to the Balance Sheet movements in the year ended 31 December 2019 are:

1. Main movements of cash and cash equivalents are explained in the commentary on Cash Flows below.
2. Trade accounts receivable and other account receivable balances increased from prior year mainly due to the increase in property sales receivables offset against decrease in hotel receivables, timeshare receivables and other receivables.
3. The increase in property development cost is mainly due to the progress of property under construction of Banyan Tree Grande Residence, Laguna Park 2, Angsana Ocean View, Angsana Beach Front and Dhawa Residence projects during the year.
4. The decrease in investment in associates is due to the dividend received from Thai Wah Plc.
5. The increase in investment property is due to revaluation by Market approach based on the appraisal report.
6. The increase in property, plant, equipment and land is mainly due to the assets purchased by Phuket and Bangkok hotels and classified Laguna Holiday Club Resorts from property development cost offset by depreciation during the year.

7. Loans from banks increased in 2019 due to drawdown of long term loan of Baht 2,626 million and short-term loans of Baht 667 million offset by schedule of long term loan repayment of Baht 764 million.
8. Deferred tax liabilities consist mainly of revaluation surplus of assets of Baht 1,683 million, capitalized commission of Baht 20 million and unearned income of Baht 973 million.
9. The decrease in shareholders' equity is mainly due to dividend paid of Baht 1,568 million and net profit attributable to non-controlling interests of the subsidiaries amounting to Baht 114 million offset against profit for the year 2019 amounting to Baht 364 million, revaluation surplus on assets amounting to Baht 801 million and cumulative effect of change in accounting policy amounting to Baht 57 million.

### **Cash Flows**

The cash and cash equivalents of Baht 633 million as at 31 December 2019 is Baht 31 million higher as compared to 31 December 2018. The main component of cash inflow during the year was the net cash flow from operations amounting to Baht 159 million. This was largely a function of profit for the year adjusted for depreciation and working capital movements.

The drawdown of long-term loan from financial institutions and related companies of Baht 2,653 million, the drawdown of short term loans amounting to Baht 667 million and the dividend received from investment in associate of Baht 28 million also contributed to the cash inflow in 2019.

Cash outflow comprised fixed assets of Baht 930 million which largely relates to hotel capex and the renovation of Banyan Tree Bangkok, Banyan Tree Phuket, Angsana Phuket and Cassia Phuket. Furthermore, the Company paid a dividend payment of Baht 1,679 million, the payment for acquisition of investment properties of Baht 83 million and scheduled repayments amounting to Baht 764 million in long term loans.

<b>Cash Inflow</b>	<b>Million Baht</b>
Cash flow from operations	159
Dividend received from investment in associate	28
Increase in short-term fixed deposit	14
Increase in short-term loan	667
Long-term bank loan draw down	2,626
Long-term related loan draw down	27
Net exchange differences on translation of financial statement in foreign currency	4
<b>Total</b>	<b>3,525</b>

<b>Cash Outflow</b>	<b>Million Baht</b>
Payments made on construction	930
Payment for acquisition of investment properties	83
Long term loan repayment	764
Dividend payment	1,679
Restricted deposit at bank	38
Increase in cash and cash equivalent	31
<b>Total</b>	<b>3,525</b>

### **Commentary on Consolidated Financial Ratios**

#### **Liquidity ratios**

- Current ratio and Quick ratio – This is lower than the prior year due to increase in short-term loans from financial institution.
- Cash flow from operating activities ratio – This is lower than the prior year due to decrease in hotel revenue coupled with higher average current liabilities.
- Receivable turnover – This is lower than the prior year levels due to the increase revenue from property development operations and average accounts receivable.
- Collection period – This is similar to last year.
- Inventory turnover – This is higher than the prior year levels due to the higher direct hotel operations expenses coupled with lower average inventory.
- Inventory turnover period – This is lower than the prior year levels due to due to the higher direct hotel operations expenses coupled with lower average inventory.
- Accounts payable turnover – This is lower than the prior year levels due to lower supplier purchases coupled with higher average accounts payables.
- Payment period – This is higher than prior year levels due to lower supplier purchases coupled with higher average accounts payables.
- Cash cycle – This is lower than the prior year levels due to shorter collection period for property sales, increase inventory turnover period of hotel operation and longer payment period.

#### **Profitability ratios**

- Gross profit margin – This is lower than the prior year due to decrease in revenue from hotel operations and office rental operations.
- Profit margin from operations, net profit margin from operations and return on equity – These are higher than the prior year due to increase in revenue from property development operations.

#### **Efficiency ratios**

- Return on total assets, return on fixed assets and assets turnover – This is higher than prior year due to higher revenue from property development operations.

**Financial policy ratios**

- Debt to equity – This is higher than prior year due to increase in loans from financial institution both short-term and long-term.
- Interest coverage – This is lower than prior year due to lower cash flow from operations.
- Pay-out ratio (cash) – This is lower than the prior year due to lower cash flow from operations coupled with higher hotel capex, dividend payment and long-term loan repayments.
- Dividend pay-out ratio – This is based on the dividend policy which subject to the Board of Directors discretion on the availability of cash after taking into account major capital expenditure and debt repayment obligations.

**14.2 Factors or Events Probably effecting Financial Position or Operation**

Please see section 2 - Nature of business that identifies the factors or events probably effecting Financial Position and Operation.

Please see section 13- Financial Highlights that identify the accounting standards that will become effective in the future. However, The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.