

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 2020**

The name of the Company's and its subsidiaries' auditor for the 2020 Financial Statements is Ms. 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 2020 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 2019

The name of the Company's and its subsidiaries' auditor for the 2019 Financial Statements is Ms. 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 the Company's and its subsidiaries' auditor for the 2018 Financial Statements is Ms. 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.

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 2019) and new 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. 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:

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 Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies
 - The Group measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income.
- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its debt instruments measured at amortised cost or fair value through other comprehensive income, 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 Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings and other components of shareholders' equity as at 1 January 2020, and the comparative information was not restated.

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

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.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

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

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards and

to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

In the first quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to the measurement of expected credit losses using a simplified approach, fair value measurement of property, plant and equipment, investment properties and investments in unquoted equity instruments, impairment of assets and goodwill, and reversal of deferred tax assets.

During the year 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives and recognised the resulting losses totaling Baht 235 million as expenses in the consolidated statement of income. These pertain to a decrease in deferred tax assets of Baht 94 million and an increase in impairment losses of property, plant and equipment of Baht 141 million.

In addition, the Group recognised the decrease of the valuation of assets totaling Baht 227 million as other comprehensive income in the consolidated statement of comprehensive income. These pertain to a decrease in the fair value of investments in unquoted equity instruments and a decrease in the revaluation surplus on property, plant and equipment of Baht 189 million and Baht 38 million, respectively.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

13.1.2 Summary of Financial Statements

Consolidated Income Statement

Unit: Baht

| | Consolidated | | |
|---|----------------------|----------------------|---|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> (Restated) |
| Revenues | | | |
| Revenue from hotel operations | 1,206,726,678 | 3,356,259,391 | 3,572,747,471 |
| Revenue from property development operations | 1,572,726,655 | 2,568,162,685 | 1,705,618,276 |
| Revenue from office rental operations | 35,836,691 | 91,182,662 | 98,667,116 |
| Other income | 19,028,653 | 104,022,452 | 70,035,772 |
| Total revenues | 2,834,318,677 | 6,119,627,190 | 5,447,068,635 |
| Expenses | | | |
| Cost of hotel operations | 1,172,168,715 | 2,083,085,206 | 2,043,390,377 |
| Cost of property development operations | 863,035,873 | 1,486,462,100 | 1,132,780,838 |
| Cost of office rental operations | 24,204,509 | 42,557,058 | 49,879,209 |
| Selling expenses | 228,328,182 | 476,391,632 | 430,865,563 |
| Administrative expenses | 1,166,730,538 | 1,359,129,324 | 1,518,113,767 |
| Total expenses | 3,454,467,817 | 5,447,625,320 | 5,175,029,754 |
| Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax expenses | (620,149,140) | 672,001,870 | 272,038,881 |
| Share of profit from investments in associates | 2,626,307 | 4,779,916 | 65,627,750 |
| Profit before finance cost and income tax expenses | (617,522,833) | 676,781,786 | 337,666,631 |
| Finance income | 51,728,130 | 38,193,529 | 31,368,328 |
| Finance cost | (234,822,190) | (132,252,130) | (158,178,352) |
| Profit (loss) before income tax expenses | (800,616,893) | 582,723,185 | 210,856,607 |
| Income tax expenses | (167,597,683) | (224,517,782) | (127,630,259) |
| Profit (loss) for the year | (968,214,576) | 358,205,403 | 83,226,348 |
| Profit (loss) attributable to: | | | |
| Equity holders of the Company | (947,298,557) | 364,101,439 | 87,697,417 |
| Non-controlling interests of the subsidiaries | (20,916,019) | (5,896,036) | (4,471,069) |
| | (968,214,576) | 358,205,403 | 83,226,348 |
| Basic earnings per share | | | |
| Profit (loss) attributable to equity holders of the Company | (5.68) | 2.18 | 0.53 |

Consolidated Statement of Comprehensive Income

Unit: Baht

| | Consolidated | | |
|--|------------------------|----------------------|---|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> (Restated) |
| Profit (loss) for the year | (968,214,576) | 358,205,403 | 83,226,348 |
| Other comprehensive income: | | | |
| Exchange differences on translation of financial statements in foreign currency | (253,507) | 2,140,604 | 8,004,633 |
| Actuarial loss of post-employment benefits, net of income tax | (27,938,606) | - | (9,101,458) |
| Share of other comprehensive income (loss) from associate | (11,596,100) | (10,544,062) | 1,023,085 |
| Loss on changes in value of equity investments designated at fair value through other comprehensive income | (188,702,536) | - | - |
| Addition (reversal) of revaluation surplus on assets, net of income tax | (37,585,679) | 812,375,853 | - |
| Other comprehensive income (loss) for the year | (266,076,428) | 803,972,395 | (73,740) |
| Total comprehensive income (loss) for the year | (1,234,291,004) | 1,162,177,798 | 83,152,608 |
| Total comprehensive income (loss) attributable to: | | | |
| Equity holders of the Company | (1,213,149,932) | 1,165,764,915 | 87,946,167 |
| Non-controlling interests of the subsidiaries | (21,141,072) | (3,587,117) | (4,793,559) |
| | (1,234,291,004) | 1,162,177,798 | 83,152,608 |

Consolidated Statement of Financial Position

Unit: Baht

| | Consolidated | | |
|--|-----------------------|-----------------------|-----------------------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2018 (Restated) |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 568,735,346 | 632,543,523 | 601,678,401 |
| Short-term fixed deposit | 2,268,852 | - | 14,044,883 |
| Trade and other receivables | 782,756,373 | 813,940,591 | 636,051,262 |
| Inventories | 72,767,038 | 88,325,038 | 101,116,835 |
| Property development cost | 4,164,706,156 | 4,138,397,889 | 3,815,339,965 |
| Cost to obtain contracts with customers | 101,311,721 | 99,982,089 | 70,722,274 |
| Other current assets | 156,911,081 | 241,838,015 | 271,722,731 |
| Total current assets | 5,849,456,567 | 6,015,027,145 | 5,510,676,351 |
| Non-current assets | | | |
| Long-term restricted deposits at financial institution | 38,034,317 | 37,872,733 | 41,189 |
| Long-term fixed deposit | - | 2,268,852 | 2,178,200 |
| Long-term trade accounts receivable | 723,503,500 | 796,461,495 | 488,042,448 |
| Investments in associates | 960,373,829 | 981,182,127 | 1,015,217,329 |
| Other long-term investments | 713,180,950 | 606,364,594 | 606,364,594 |
| Investment properties | 1,410,577,067 | 1,411,202,087 | 1,233,350,769 |
| Property, plant and equipment | 12,653,408,200 | 13,177,872,310 | 11,526,678,951 |
| Right-of-use assets | 56,541,071 | - | - |
| Deferred tax assets | 45,009,396 | 54,198,090 | 78,025,222 |
| Goodwill | 407,903,881 | 407,903,881 | 407,903,881 |
| Leasehold rights | - | 5,811,485 | 8,637,717 |
| Other non-current assets | 13,194,120 | 30,152,248 | 25,917,223 |
| Total non-current assets | 17,021,726,331 | 17,511,289,902 | 15,392,357,523 |
| TOTAL ASSETS | 22,871,182,898 | 23,526,317,047 | 20,903,033,874 |

Consolidated Statement of Financial Position (continued)

Unit: Baht

| | Consolidated | | |
|--|-----------------------------|-----------------------------|--|
| | 31 December 2020 | 31 December 2019 | 31 December 2018 (Restated) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Bank overdraft and short-term loans from financial institutions | 1,308,804,224 | 1,117,000,000 | 450,000,000 |
| Trade and other payables | 1,396,738,320 | 1,188,160,411 | 1,020,813,844 |
| Current portion of long-term loans from financial institutions | 737,411,289 | 899,235,358 | 673,343,101 |
| Current portion of lease liabilities | 40,167,609 | - | - |
| Income tax payable | 10,195,002 | 26,851,373 | 38,800,305 |
| Advance received from customers | 835,916,092 | 955,996,163 | 904,919,466 |
| Other current liabilities | 226,784,672 | 261,323,369 | 195,430,761 |
| Total current liabilities | 4,556,017,208 | 4,448,566,674 | 3,283,307,477 |
| Non-current liabilities | | | |
| Long-term loans from financial institutions – net of current portion | 4,357,658,451 | 3,959,091,576 | 2,323,850,568 |
| Long-term loan from related company | 26,950,000 | 26,950,000 | - |
| Provision for long-term employee benefits | 113,275,550 | 74,328,953 | 65,492,702 |
| Provision for legal case | 1,773,685 | 18,314,159 | 20,681,911 |
| Deferred tax liabilities | 2,810,792,810 | 2,676,464,668 | 2,358,878,779 |
| Lease liabilities, net of current portion | 38,642,204 | - | - |
| Other non-current liabilities | 213,959,917 | 110,029,557 | 121,408,438 |
| Total non-current liabilities | 7,563,052,617 | 6,865,178,913 | 4,890,312,398 |
| Total liabilities | 12,119,069,825 | 11,313,745,587 | 8,173,619,875 |
| Shareholders' equity | | | |
| 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 | 447,533,915 | 1,858,942,161 | 3,043,537,032 |
| Other components of shareholders' equity | 5,675,948,171 | 5,704,657,240 | 4,922,763,641 |
| Equity attributable to owner of the Company | 10,632,575,624 | 12,072,692,939 | 12,475,394,211 |
| Equity attributable to non-controlling interests of the subsidiaries | 119,537,449 | 139,878,521 | 254,019,788 |
| Total shareholders' equity | 10,752,113,073 | 12,212,571,460 | 12,729,413,999 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 22,871,182,898 | 23,526,317,047 | 20,903,033,874 |

Consolidated Cash Flow Statement

Unit: Baht

| | Consolidated | | |
|---|---------------------|--------------------|----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Cash flows from (used in) operating activities | | | |
| Net cash inflows (outflows) from operating activities | 31,594,092 | 158,994,126 | 486,423,530 |
| Cash flows from (used in) investing activities | | | |
| Net cash inflows (outflows) from investing activities | (148,482,647) | (1,008,386,250) | (553,878,662) |
| Cash flows from (used in) financing activities | | | |
| Net cash inflows (outflows) from financing activities | 51,834,784 | 876,062,928 | (352,624,494) |
| Net exchange differences on transaction of financial statements in foreign currency | 1,245,594 | 4,194,318 | 11,776,599 |
| Net increase (decrease) in cash and cash equivalents | (63,808,177) | 30,865,122 | (408,303,027) |
| Cash and cash equivalents at beginning of year | 632,543,523 | 601,678,401 | 1,009,981,428 |
| Cash and cash equivalents at end of year | 568,735,346 | 632,543,523 | 601,678,401 |

Separate Income Statement

Unit: Baht

| | Separate | | |
|--|---------------------|----------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Revenues | | | |
| Revenue from hotel operations | 14,010,713 | 36,296,848 | 37,370,516 |
| Revenue from office rental operations | 9,258,812 | 21,577,181 | 21,339,103 |
| Other income | 109,073,136 | 1,154,555,335 | 131,212,611 |
| Total revenues | 132,342,661 | 1,212,429,364 | 189,922,230 |
| Expenses | | | |
| Cost of hotel operations | 20,768,839 | 29,434,088 | 29,441,874 |
| Cost of office rental operations | 4,736,496 | 7,082,740 | 6,728,901 |
| Selling expenses | 5,054,208 | 2,068,056 | 1,590,391 |
| Administrative expenses | 116,716,184 | 173,749,198 | 184,508,760 |
| Total expenses | 147,275,727 | 212,334,082 | 222,269,926 |
| Profit (loss) before finance cost and income tax expenses | (14,933,066) | 1,000,095,282 | (32,347,696) |
| Finance income | 81,085,090 | 73,143,428 | 41,693,688 |
| Finance cost | (84,403,957) | (53,474,500) | (39,015,177) |
| Profit (loss) before income tax expenses | (18,251,933) | 1,019,764,210 | (29,669,185) |
| Income tax expenses | (10,667,964) | 491,674 | 9,869,096 |
| Profit (loss) for the year | (28,919,897) | 1,020,255,884 | (19,800,089) |
| Profit (loss) attributable to: | | | |
| Equity holders of the Company | (28,919,897) | 1,020,255,884 | (19,800,089) |
| Basic earnings per share | | | |
| Profit (loss) attributable to equity holders of the Company | (0.17) | 6.12 | (0.12) |

Separate Statement of Comprehensive Income

Unit: Baht

| | Separate | | |
|--|---------------------|----------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Profit (loss) for the year | (28,919,897) | 1,020,255,884 | (19,800,089) |
| Other comprehensive income: | | | |
| Actuarial loss of post-employment benefits, net of income tax | (5,103,156) | - | (2,250,883) |
| Addition (reversal) of revaluation surplus on assets, net of income tax | - | 2,270,437 | - |
| Other comprehensive income for the year | (5,103,156) | 2,270,437 | (2,250,883) |
| Total comprehensive income (loss) for the year | (34,023,053) | 1,022,526,321 | (22,050,972) |
| Total comprehensive income (loss) attributable to: | | | |
| Equity holders of the Company | (34,023,053) | 1,022,526,321 | (22,050,972) |

Separate Statement of Financial Position

Unit: Baht

| | Separate | | |
|---------------------------------|----------------------|----------------------|----------------------|
| | 31 December 2020 | 31 December 2019 | 31 December 2018 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 146,680,693 | 21,705,541 | 22,643,210 |
| Short-term fixed deposit | 2,268,852 | - | - |
| Trade and other receivables | 208,490,137 | 64,262,353 | 62,818,881 |
| Property development cost | 111,429,000 | 111,429,000 | 111,429,000 |
| Other current assets | 20,055,412 | 15,194,230 | 15,115,506 |
| Total current assets | 488,924,094 | 212,591,124 | 212,006,597 |
| Non- current assets | | | |
| Long-term fixed deposit | - | 2,268,852 | 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 | 1,255,550,000 | 1,905,550,000 | 987,000,000 |
| Investment properties | 181,602,200 | 181,619,106 | 183,621,330 |
| Property, plant and equipment | 41,690,319 | 42,546,018 | 42,090,404 |
| Right-of-use assets | 3,039,352 | - | - |
| Other non-current assets | 1,342,353 | 1,342,353 | 1,342,353 |
| Total non-current assets | 6,503,333,644 | 7,153,435,749 | 6,236,341,407 |
| TOTAL ASSETS | 6,992,257,738 | 7,366,026,873 | 6,448,348,004 |

Separate Statements of Financial Position (continued)

Unit: Baht

| | Separate | | |
|--|----------------------|----------------------|----------------------|
| | 31 December | 31 December | 31 December |
| | 2020 | 2019 | 2018 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Short-term loans from financial institutions | 670,000,000 | 650,000,000 | 240,000,000 |
| Trade and other payables | 187,234,234 | 38,605,983 | 33,678,514 |
| Current portion of long-term loans from financial institutions | 26,500,000 | 37,000,000 | 3,875,000 |
| Current portion of lease liabilities | 6,017,412 | - | - |
| Advance received from customers | - | 175,310 | 503,847 |
| Other current liabilities | 12,877,535 | 24,225,492 | 7,621,536 |
| Total current liabilities | 902,629,181 | 750,006,785 | 285,678,897 |
| Non- current liabilities | | | |
| Long-term loans from subsidiaries | 132,500,000 | 173,000,000 | 433,500,000 |
| Long-term loans from financial institutions – net of current portion | 1,327,695,428 | 1,326,809,446 | 70,250,000 |
| Provision for long-term employee benefits | 29,213,460 | 19,637,813 | 16,270,273 |
| Deferred tax liabilities | 116,103,823 | 106,852,652 | 106,776,717 |
| Lease liabilities, net of current portion | 116,827 | - | - |
| Other non-current liabilities | 34,705,000 | 5,796,736 | 6,008,810 |
| Total non-current liabilities | 1,640,334,538 | 1,632,096,647 | 632,805,800 |
| Total liabilities | 2,542,963,719 | 2,382,103,432 | 918,484,697 |
| Shareholders' equity | | | |
| 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 | 367,017,677 | 901,647,099 | 1,449,857,402 |
| Other components of shareholders' equity | 141,313,392 | 141,313,392 | 139,042,955 |
| Total shareholders' equity | 4,449,294,019 | 4,983,923,441 | 5,529,863,307 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 6,992,257,738 | 7,366,026,873 | 6,448,348,004 |

Separate Cash Flow Statement

Unit: Baht

| | Separate | | |
|---|--------------------|--------------------|---------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| Cash flows from (used in) operating activities | | | |
| Net cash inflows (outflows) from operating activities | (127,251,018) | 17,999,612 | (32,094,286) |
| Cash flows from (used in) investing activities | | | |
| Net cash inflows (outflows) from investing activities | 654,806,495 | 110,344,460 | 10,838,494 |
| Cash flows from (used in) financing activities | | | |
| Net cash inflows (outflows) from financing activities | (402,580,325) | (129,281,741) | 3,661,302 |
| Net increase (decrease) in cash and cash equivalents | 124,975,152 | (937,669) | (17,594,490) |
| Cash and cash equivalents at beginning of year | 21,705,541 | 22,643,210 | 40,237,700 |
| Cash and cash equivalents at end of year | 146,680,693 | 21,705,541 | 22,643,210 |

13.1.3 Financial ratios of the Company and its subsidiaries

CONSOLIDATED FINANCIAL RATIOS

| | | | Consolidated | | |
|---|-------|--|--------------|-------------|---------------------------|
| | | | <u>2020</u> | <u>2019</u> | <u>2018</u> (Restated) |
| <u>Liquidity Ratios</u> | | | | | |
| Current Ratio | Times | | 1.28 | 1.35 | 1.68 |
| Quick Ratio | Times | | 0.25 | 0.29 | 0.35 |
| Cash Flow From Operating Activities Ratio | Times | | 0.01 | 0.04 | 0.15 |
| Receivables Turnover | Times | | 4.24 | 9.70 | 9.62 |
| Collection Period | Days | | 84.91 | 37.11 | 37.42 |
| Inventory Turnover | Times | | 14.55 | 21.99 | 19.12 |
| Inventory Turnover Period | Days | | 24.74 | 16.37 | 18.83 |
| Accounts Payable Turnover | Times | | 2.19 | 5.25 | 3.63 |
| Payment Period | Days | | 164.38 | 68.57 | 99.17 |
| Cash Cycle | Days | | (54.74) | (15.09) | (42.92) |
| <u>Profitability Ratios</u> | | | | | |
| Gross Profit Margin | % | | 26.85 | 39.95 | 40.00 |
| Profit Margin from Operations | % | | (22.03) | 11.17 | 5.06 |
| Net Profit Margin | % | | (32.82) | 5.91 | 1.60 |
| Return On Equity | % | | (8.25) | 2.92 | 0.69 |
| <u>Efficiency Ratios</u> | | | | | |
| Return On Total Assets | % | | (4.08) | 1.64 | 0.42 |
| Return On Fixed Assets | % | | (3.26) | 5.67 | 3.67 |
| Asset Turnover | Times | | 0.12 | 0.28 | 0.26 |

CONSOLIDATED FINANCIAL RATIOS (Continued)

| | | Consolidated | | |
|---------------------------------------|-------|--------------|-------------|---------------------------|
| | | <u>2020</u> | <u>2019</u> | <u>2018</u> (Restated) |
| <u>Financial Policy Ratios</u> | | | | |
| Debt To Equity | Times | 1.13 | 0.94 | 0.64 |
| Interest Coverage | Times | 1.03 | 3.43 | 4.78 |
| Payout Ratio (Cash Basis) | Times | 0.03 | 0.05 | 0.27 |
| Dividend Payout Ratio | % | - | 549.35 | 77.93 |
| <u>Share value</u> | | | | |
| Book Value Per Share | Baht | 64.51 | 73.27 | 76.37 |
| Earnings Per Share | Baht | (5.68) | 2.18 | 0.53 |
| Dividend Per Share | Baht | - | 12.00 | 0.41 |
| <u>Growth rate</u> | | | | |
| Total Assets | % | (2.78) | 12.55 | 0.09 |
| Total Liabilities | % | 7.12 | 38.42 | (0.60) |
| Total Revenues | % | (53.13) | 12.40 | 12.78 |
| Total Expenses | % | (36.59) | 5.27 | 13.83 |
| Net Income (Loss) | % | (360.17) | 315.18 | 47.30 |

SEPARATE FINANCIAL RATIOS

| | | Separate | | |
|---|-------|-------------|-------------|-------------|
| | | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| <u>Liquidity Ratios</u> | | | | |
| Current Ratio | Times | 0.54 | 0.28 | 0.74 |
| Quick Ratio | Times | 0.17 | 0.03 | 0.09 |
| Cash Flow From Operating Activities Ratio | Times | (0.15) | 0.03 | (0.11) |
| Receivables Turnover | Times | 3.69 | 11.10 | 10.34 |
| Collection Period | Days | 97.56 | 32.43 | 34.82 |
| Inventory Turnover | Times | - | - | - |
| Inventory Turnover Period | Days | - | - | - |
| Accounts Payable Turnover | Times | 6.62 | 16.70 | 18.73 |
| Payment Period | Days | 54.38 | 21.56 | 19.22 |
| Cash Cycle | Days | 43.18 | 10.87 | 15.60 |
| <u>Profitability Ratios</u> | | | | |
| Gross Profit Margin | % | (9.61) | 36.90 | 39.04 |
| Profit Margin from Operations | % | (64.17) | 1,728.06 | (54.51) |
| Net Profit Margin | % | (13.55) | 79.36 | (8.55) |
| Return On Equity | % | (0.61) | 19.41 | (0.36) |
| <u>Efficiency Ratios</u> | | | | |
| Return On Total Assets | % | (0.40) | 14.77 | (0.31) |
| Return On Fixed Assets | % | (8.02) | 457.27 | (5.00) |
| Asset Turnover | Times | 0.03 | 0.19 | 0.04 |

SEPARATE FINANCIAL RATIOS (Continued)

| | | Separate | | |
|---------------------------------------|-------|--------------------|--------------------|--------------------|
| | | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| <u>Financial Policy Ratios</u> | | | | |
| Debt To Equity | Times | 0.57 | 0.48 | 0.17 |
| Interest Coverage | Times | (0.88) | 1.39 | 0.32 |
| Payout Ratio (Cash Basis) | Times | (0.08) | 0.00 | (0.02) |
| Dividend Payout Ratio | % | - | 196.05 | (345.15) |
| <u>Share value</u> | | | | |
| Book Value Per Share | Baht | 26.69 | 29.90 | 33.18 |
| Earnings Per Share | Baht | (0.17) | 6.12 | (0.12) |
| Dividend Per Share | Baht | - | 12.00 | 0.41 |
| <u>Growth rate</u> | | | | |
| Total Assets | % | (5.07) | 14.23 | (0.43) |
| Total Liabilities | % | 6.75 | 159.35 | 6.70 |
| Total Revenues | % | (83.40) | 455.05 | (36.25) |
| Total Expenses | % | (30.64) | (4.47) | 5.52 |
| Net Income (Loss) | % | 102.83 | 5,252.78 | 121.07 |

14. MANAGEMENT DISCUSSION AND ANALYSIS

14.1 Analysis of Operating Results and Financial Position

For the year ended 31st December 2020, Laguna Resorts & Hotels Public Company Limited was adversely impacted by the Covid-19 pandemic and suffered a substantial net loss of Baht 947 million as compared to a Baht 364 million net profit in the year 2019.

Total revenue for the year decreased by Baht 3,285 million as compared to last year due largely to the following:

- The overall revenue from hotel operations which comprise hotel, golf, and retail operations declined by Baht 2,150 million. Like almost all businesses in the hospitality industry in Thailand, the Covid-19 pandemic has significantly impacted the Group's businesses, especially the hotel business. The Group's hotels had to cease operations from April to May 2020 to comply with the government's measures to stop the spread of COVID-19. To reduce the Group's overhead costs, the Group's hotels continued to remain closed from June to August 2020 due to the lack of tourists and reopened in September 2020 after the Thai Government launched the subsidized travel scheme to stimulate domestic travel in Thailand.
- Revenue from property development operations which comprise property sales and the sale of holiday club memberships decreased by Baht 995 million. The difference is largely attributed to the lower revenue recognition of property sales projects namely Cassia which was lower when compared to last year offset by an increase in revenue recognition of the Angsana Beach Front project this year. At the time of this report, there is a total of Baht 2,473 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing contracted decreased by Baht 55 million due largely to the lower occupancy of the Thai Wah Tower office.
- Other income decreased by Baht 85 million due mainly to the gain on revaluation of investment properties amounting to Baht 87 million in the previous year.

Total expenses reduced by Baht 1,993 million as compared to last year which is generally attributed to the following:

- The cost of hotel operations decreased by Baht 911 million due to the lower hotel revenue and the cost-saving measures put in place after the start of Covid-19.
- The cost of property development operations decreased by Baht 623 million as lower property sales were recognized during the year.
- The cost of office rental operations decreased by Baht 18 million. This is largely attributed to lower property tax and electricity expenses in the current period.

- Selling expenses were Baht 248 million lower due to the reduction of sale and marketing expenses of the hotels, Laguna golf and office rental operations.
- Administrative expenses declined by Baht 192 million as property tax, management fees, and rental expenses were lower.

Share of profit from investment in associates decreased by Baht 2 million which largely relates to lower profit from Thai Wah Plc.

Finance cost increased by Baht 103 million as compared to last year due to a higher loan balance in the current period and lower capitalized interests of property sales projects as the construction of some projects was halted due to the Covid-19 pandemic.

Income tax expenses decreased Baht 57 million as compared to the prior year as there were no deferred tax assets set up during this year.

Loss attributable to the non-controlling interests of the subsidiaries increased by Baht 15 which is primarily caused by loss of Laguna Service and gallery operation.

For the reasons stated above, the company's loss is higher as compared to the prior year.

Hotel Operations

| | (Unit: Million Baht) | | | | | |
|-------------------------------|----------------------|-----------|--------------|-----------|--------------|-----------|
| | 2020 | % | 2019 | % | 2018 | % |
| Revenues | 1,206 | 100 | 3,356 | 100 | 3,572 | 100 |
| Expenses | <u>1,172</u> | <u>97</u> | <u>2,083</u> | <u>62</u> | <u>2,043</u> | <u>57</u> |
| Gross Operating Profit | <u>34</u> | <u>3</u> | <u>1,273</u> | <u>38</u> | <u>1,529</u> | <u>43</u> |

- Hotel revenues and expenses were Baht 2,150 million and Baht 911 million respectively lower than last year as the Covid-19 pandemic significantly impacted the Group's businesses, especially the hotel business.
- The Group's hotels had to cease operations from April to May 2020 to comply with the government's measures to stop the spread of COVID-19. To reduce the Group's overhead costs, the Group's hotels continued to remain closed from June to August 2020 due to the lack of tourists and reopened in September 2020 after the Thai Government launched the subsidized travel scheme to stimulate domestic travel in Thailand.

Property Sales and Holiday Club Membership Operations

(Unit: Million Baht)

| | 2020 | % | 2019 | % | 2018 | % |
|-------------------------------|------------|-----------|--------------|-----------|--------------|-----------|
| Revenues | 1,573 | 100 | 2,568 | 100 | 1,706 | 100 |
| Expenses | <u>863</u> | <u>55</u> | <u>1,486</u> | <u>58</u> | <u>1,133</u> | <u>66</u> |
| Gross Operating Profit | <u>710</u> | <u>45</u> | <u>1,082</u> | <u>42</u> | <u>573</u> | <u>34</u> |

- Revenues and expenses were Baht 995 million and Baht 623 million, respectively, lower than last year resulting in revenue recognition of property sales projects namely Cassia which was lower but offset by an increase in revenue recognition of the Angsana Beach Front project this year. However, the operating margin of 45 percent was higher than the years 2019 and 2018 which were 42 percent and 34 percent, respectively.
- The income of the remaining sold units of Baht 2,473 million will be recognized in the future barring any cancellations.

Balance Sheet

The main balance sheet items at 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

| | Note | 31 December 2020 | 31 December 2019 |
|-------------------------------------|------|------------------|------------------|
| Cash and cash equivalents | 1 | 569 | 633 |
| Trade and other receivables | 2 | 1,506 | 1,559 |
| Property development cost | 3 | 4,165 | 4,138 |
| Investment in associates | 4 | 960 | 981 |
| Investment properties | 5 | 1,411 | 1,411 |
| Property, plant, equipment and land | 6 | 12,653 | 13,178 |
| Loans from banks | 7 | 6,404 | 5,975 |
| Deferred tax liabilities | 8 | 2,811 | 2,676 |
| Shareholders' equity | 9 | 10,752 | 12,213 |

The main points regarding the Balance Sheet movements in the year ended 31 December 2020 are:

1. The 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 are slightly lower than last year because hotel receivables decreased but were partially offset by an increase in property sales receivables.
3. The slight increase in property development cost is mainly due to the progress of property under construction of Laguna Park 2, Angsana Beach Front projects during the year.
4. The decrease in investment in associates is attributed to the dividend received from Thai Wah Public Company Limited.
5. The investment property is similar to the prior year as there were no changes in revaluation by a Market approach based on the appraisal report when compared to last year.
6. The decrease in property, plant, equipment and land is mainly due to a reduction in the value of hotel buildings, golf course, and depreciation during the year.
7. Loans from banks increased in 2020 due to the drawdowns of long-term loans of Baht 789 million and short-term loans of Baht 192 million offset by long-term loan repayments of Baht 548 million.
8. Deferred tax liabilities consist mainly of a revaluation surplus of assets amounting to Baht 1,904 million and unearned income of Baht 920 million.
9. The decrease in shareholders' equity is mainly due to the Baht 500 million dividend payment and the Baht 947 million net loss for the year 2020.

Cash Flows

The cash and cash equivalents of Baht 569 million as at 31 December 2020 is Baht 64 million lower as compared to 31 December 2019. The main component of cash inflow during the year was the net cash flow from operations amounting to Baht 32 million. This was largely a function of loss for the year adjusted for depreciation and working capital movements.

The drawdown of long-term loans from financial institutions and related companies of Baht 789 million, the drawdown of short-term loans amounting to Baht 192 million, and the dividend received from investment in associates of Baht 12 million also contributed to the cash inflow in 2020.

Cash outflow comprised of fixed assets of Baht 163 million which largely relates to hotel capital expenditures and the renovations of Banyan Tree Bangkok, Banyan Tree Phuket, Angsana Phuket, and

Cassia Phuket. Furthermore, the Company paid a dividend payment of Baht 370 million, the payment for lease liabilities of Baht 12 million, and long-term loan repayments amounting to Baht 548 million.

| Cash Inflow | Million Baht | Cash Outflow | Million Baht |
|--|--------------|-------------------------------|--------------|
| Cash flow from operations | 32 | Payments made on construction | 163 |
| Dividend received from investment in associate | 12 | Long term loan repayment | 548 |
| Increase in short-term loan | 192 | Dividend payment | 370 |
| Long-term bank loan drawdown | 789 | Payment of lease liabilities | 12 |
| Received - others | 4 | | |
| Decrease in cash and cash equivalent | 64 | | |
| Total | 1,093 | Total | 1,093 |

Commentary on Consolidated Financial Ratios

Liquidity ratios

- Current ratio and Quick ratio – This is lower than the prior-year due to an increase in short-term loans from a financial institution.
- Cash flow from operating activities ratio – This is lower than the prior-year due to a decrease in hotel revenue coupled with higher average current liabilities.
- Receivable turnover – This is lower than the prior-year due to the significant decrease in revenue from hotels and property development operations.
- Inventory turnover – This is lower than the prior-year due to the lower direct hotel operations expenses coupled with the lower average inventory.
- Inventory turnover period – This is higher than the prior-year as the inventory turnover is low.
- Accounts payable turnover – This is lower than the prior-year due to lower supplier purchases but average accounts payables are high.
- Payment period – This is higher than the prior-year due to accounts payable turnover is low.
- Cash cycle – This is lower than the prior-year due to the long 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 a significant reduction in revenue from hotel operations, property sales, and office rental operations.
- Profit margin from operations, net profit margin from operations, and return on equity – These are negative due to the loss from operating results.

Efficiency ratios

- Return on total assets, return on fixed assets, and assets turnover – These are negative due to the loss from operating results.

Financial policy ratios

- Debt to equity – This is higher than the prior-year due to an increase in loans from financial institution both short-term and long-term.
- Interest coverage – This is lower than the 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 dividend payment and long-term loan repayments.
- Dividend payout ratio – This is based on the dividend policy which is 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 affecting Financial Position or Operation

Please see section 2 - Nature of business that identifies the factors or events probably affecting 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 standards, 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.