

**Central Plaza Hotel Public Company Limited and its subsidiaries**  
**Notes to consolidated interim financial statements**  
**For the three-month and nine-month period ended 30 September 2018**

**1. General information**

**1.1 Corporate information**

Central Plaza Hotel Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and subsequently registered the change of its status to a public limited company under the Public Limited Companies Act, and domiciled in Thailand. The Company is principally engaged to operate hotel business, hotel management and food and beverage business. The registered office address of the Company is at 1695 Phaholyothin Road, Chatuchak, Bangkok.

**1.2 Basis of preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.3 Basis of consolidation**

These interim consolidated financial statements include the financial statements of the Company and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been no structural changes related to subsidiaries during the current period.

## **1.4 New financial reporting standards**

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

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

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

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

#### **TFRS 15 Revenue from Contracts with Customers**

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

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

### **Thai Financial Reporting Standards related to financial instruments**

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

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

## 2. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Rental income	-	-	733	733	Contractually agreed prices
Interest income	-	-	20,279	25,474	Bank interest rate
Management fee income	-	-	50,423	63,956	Contractually agreed prices
Income from loan guarantee	-	-	2,277	2,994	Contractually agreed prices
Dividend income	-	-	47,324	47,324	Dividend announcement
Interest expense	-	-	7,135	2,595	Bank interest rate
Other expenses	-	-	1,298	1,167	Agreed prices
Rental expense	-	-	1,744	1,744	Contractually agreed prices
Management fee expense	-	-	39,351	34,676	Contractually agreed prices
<u>Transactions with associated companies</u>					
Rental income	25,290	25,290	12,687	12,687	Contractually agreed prices
Dividend income	8,110	5,758	8,110	5,758	Dividend announcement
Rental expense	45,886	47,961	-	-	Contractually agreed prices
<u>Transactions with related companies</u>					
Rental income	3,569	3,569	-	-	Contractually agreed prices
Management fee income	2,752	3,252	-	-	Contractually agreed prices
Other income	4,466	4,600	-	-	Agreed prices
Rental expense	40,806	38,474	29,976	28,112	Contractually agreed prices
Electricity expense	9,510	9,169	9,510	9,169	Contractually agreed prices
Management fee expense	8,201	7,931	3,647	3,473	Contractually agreed prices
Other service fees	5,249	4,081	-	-	Agreed prices

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Rental income	-	-	2,198	2,198	Contractually agreed prices
Interest income	-	-	60,003	83,170	Bank interest rate
Management fee income	-	-	151,870	154,970	Contractually agreed prices
Income from loan guarantee	-	-	7,100	8,443	Contractually agreed prices
Dividend income	-	-	947,530	572,776	Dividend announcement
Interest expense	-	-	21,421	9,468	Bank interest rate
Other expenses	-	-	3,882	3,919	Agreed prices
Rental expense	-	-	5,231	5,231	Contractually agreed prices
Management fee expense	-	-	120,710	107,199	Contractually agreed prices
<u>Transactions with associated companies</u>					
Rental income	75,044	75,044	37,647	37,647	Contractually agreed prices
Dividend income	16,219	18,733	16,219	18,733	Dividend announcement
Rental expense	137,659	151,008	-	-	Contractually agreed prices
<u>Transactions with related companies</u>					
Rental income	10,709	10,709	-	-	Contractually agreed prices
Management fee income	9,063	10,583	-	-	Contractually agreed prices
Other income	13,700	13,793	-	-	Agreed prices
Rental expense	126,312	119,002	93,830	87,915	Contractually agreed prices
Electricity expense	27,573	26,270	27,573	26,270	Contractually agreed prices
Management fee expense	24,602	23,794	10,940	10,419	Contractually agreed prices
Other service fees	14,692	11,106	-	-	Agreed prices

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2018 and 31 December 2017 between the Company, its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b>Trade and other receivables - related parties (Note 4)</b>				
Subsidiaries	-	-	28,148	47,038
Related companies (related by common directors)	46,103	43,511	2,640	2,226
<b>Total trade and other receivables - related parties</b>	<b>46,103</b>	<b>43,511</b>	<b>30,788</b>	<b>49,264</b>
<b>Dividend receivables - related parties</b>				
Subsidiaries	-	-	47,324	-
<b>Total dividend receivables - related parties</b>	<b>-</b>	<b>-</b>	<b>47,324</b>	<b>-</b>
<b>Trade and other payables - related parties (Note 9)</b>				
Subsidiaries	-	-	11,219	21,658
Related companies (related by common directors)	7,493	27,705	15	344
<b>Total trade and other payables - related parties</b>	<b>7,493</b>	<b>27,705</b>	<b>11,234</b>	<b>22,002</b>

### Loans to related parties and loans from related parties

As at 30 September 2018 and 31 December 2017, the balance of short-term and long-term loans to related parties and the movements are as follows:

Loans to related parties	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Percent per annum)					
<b>Short-term loans</b>						
Subsidiaries	3.0	3.0 - 3.5	-	-	487,490	809,300
<b>Long-term loans</b>						
Subsidiaries	3.0	3.0 - 3.5	-	-	2,191,936	2,217,050
Associates	6.6 - 7.6	6.6 - 6.8	214,392	95,042	-	-
<b>Total</b>			<b>214,392</b>	<b>95,042</b>	<b>2,679,426</b>	<b>3,026,350</b>

Movements during the nine-month periods ended 30 September 2018 and 2017 of loans to related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Loans to related parties</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	3,049,850	3,561,550
Increase	-	-	2,275,195	3,952,540
Decrease	-	-	(2,622,119)	(4,181,740)
Total	-	-	2,702,926	3,332,350
Less: Allowance for doubtful debts	-	-	(23,500)	-
At 30 September	-	-	2,679,426	3,332,350
<b>Associates</b>				
At 1 January	95,042	-	-	-
Increase	119,350	-	-	-
At 30 September	214,392	-	-	-

#### **Loans to an associate**

On 28 September 2017, a foreign subsidiary entered into an agreement with the another shareholder of an associate to provide loans to the associate for land acquisition, hotel construction, and others as specified in the joint venture agreement, according to their shareholding interest, as being informed each time by the associate. Such loans have an interest rate as specified in the agreement with repayment term of the full amount of principal together with interests within 2115.

**Loans from subsidiary companies**

As at 30 September 2018 and 31 December 2017, the balance of short-term and long-term loans from related parties are as follows:

Loans from related parties	Interest rate		Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Percent per annum)					
<b>Short-term loans</b>						
Subsidiaries	1.4 - 3.0	2.0 - 3.0	-	-	430,950	1,272,900
<b>Long-term loans</b>						
Other related parties	3.0	3.0	52,329	60,989	-	-
<b>Total</b>			<u>52,329</u>	<u>60,989</u>	<u>430,950</u>	<u>1,272,900</u>

Movements during the nine-month periods ended 30 September 2018 and 2017 of loans from related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<b>Short-term loans</b>			
<b>Subsidiaries</b>				
At 1 January	-	-	1,272,900	424,300
Increase	-	-	1,570,380	828,300
Decrease	-	-	(2,412,330)	(684,700)
<b>At 30 September</b>	<u>-</u>	<u>-</u>	<u>430,950</u>	<u>567,900</u>
<b>Long-term loans</b>				
<b>Other related parties</b>				
At 1 January	60,989	66,382	-	-
Decrease	(8,660)	-	-	-
Effect on exchange rate	-	(9,898)	-	-
<b>At 30 September</b>	<u>52,329</u>	<u>56,484</u>	<u>-</u>	<u>-</u>



### *Loan from related parties*

A subsidiary has long-term loans from related parties. Such loans are promissory notes which have repayment term upon the earlier of 31 December 2020 and the loss of a controlling interest in the borrower by the parent company of the borrower.

### **Significant agreements with related parties**

#### Long-term lease agreements

#### **The Company**

##### **Centara Grand at Central Plaza Ladprao Bangkok**

Under the terms of a reciprocal agreement entered into with Central International Development Co., Ltd. ("CID") who entered into long-term land lease agreement with State Railway of Thailand ("SRT"), the Company was granted the right to construct a hotel building on the sublease property from CID and to operate the hotel for the Company's benefits up to 18 December 2008. This agreement is renewable for period of 10 years each.

As at 18 December 2008 which was the expiration date of the said reciprocal agreement, the Company was required to transfer the construction on sublease land, fixtures and improvements, including part of equipment to SRT. The net book value at the expiration date of agreement was Baht 23.9 million, which resulted in the Company incurring a loss from disposal of the assets of the same amount.

On 9 December 2008, CID entered into a new land and building lease agreement of 20 years lease term with SRT. The Company then signed the memorandum of agreement with CID in order to preserve and affirm of undertaking the right to enter into the new sublease agreement with CID. The Company has to pay the guarantee deposit on land and building lease agreement of Central Plaza Hotel at Ladprao, in the amount of Baht 95 million on the day which CID entered into the lease agreement with SRT.

In 2009, the Company entered into a sublease agreement with CID ("sublessor") for the subleasing of Centara Grand at Central Plaza Ladprao Bangkok Hotel's building and hotel building improvements including durable goods for a period of 20 years. The lease will expire on 18 December 2028. The Company was required to pay the sublessor of Baht 2,556 million for the subleasing right and annual rent for the whole lease term. In addition, the Company was required to pay durable goods rental fee totalling Baht 31 million for the whole lease term. The Company recorded durable goods rental fee as asset under finance lease.

Leased assets, which the Company has renovated, improved or constructed, altered, added, maintained or rebuilt, will be transferred to SRT as soon as the said activities are completed. In addition, the Company has to return durable goods according to the list in the lease agreement in a manner which is appropriate to their condition and useful lives to SRT at the end of the lease agreement.

## **The Subsidiaries**

### **Centara Grand Beach Resort Samui Project**

Agreements between Central Plaza Hotel Public Company Limited and its subsidiaries and Centara Hotels & Resorts Leasehold Property Fund

On 25 September 2008, Central Plaza Hotel Public Company Limited and its subsidiary entered into agreements relating to land and hotel building of Centara Grand Beach Resort Samui Hotel with Centara Hotels & Resorts Leasehold Property Fund (“CTARAF”), in the following matters.

- 1) Central Samui Beach Resort Co., Ltd. (“CSBR”) entered into the land lease agreement with CTARAF for lease the land to CTARAF for the period of 30 years commencing from the date on which both parties register the lease agreement (26 September 2008). CTARAF agreed to pay the land lease fee in the total amount of Baht 1,500 million with full payment on the date on which the lease was registered. CSBR recognised such proceeds from lease as deferred income in its financial position and amortises to income using the straight line method over the lease term of 30 years. As at 30 September 2018, the balance of deferred income was Baht 1,000 million (31 December 2017: Baht 1,037 million) in the consolidated financial statements.
- 2) Central Plaza Hotel Public Company Limited (“CPH”) entered into the property lease agreement with Centara Grand Beach Resort Samui Hotel, including the utility facilities and related equipment with CTARAF in order to lease to CTARAF for the period of 30 years commencing from the date that both parties registered the lease agreement (26 September 2008). CTARAF agreed to pay the property lease fee in the total amount of Baht 1,510 million with full payment on the date on which the lease was registered. CPH recognised such proceeds from lease as deferred income in the statement of financial position in consolidated and separate financial statements and amortises to income using the straight line method over the lease term of 30 years. As at 30 September 2018, the balance of deferred income was Baht 1,007 million (31 December 2017: Baht 1,044 million).

Under the property lease agreement, CPH agreed and guaranteed that, in the period of 4 years from the registration date of lease, CTARAF would receive lease fee income from the lease assets in the amount not less than the accumulated guaranteed lease fee specified in the agreement. If CTARAF receives the accumulated lease fee income less than the accumulated guaranteed lease fee as in the agreement, CPH agreed to pay CTARAF the difference between the accumulated lease fee income of the fund and the accumulated guaranteed lease fee income.

On 1 December 2008, CPH and CSBR entered into the agreement regarding guarantee CTARAF lease fee income. CSBR as a land lessor which mutually get benefits from CTARAF on lease agreement, to be the co-guarantor in guarantee CTARAF lease fee income. In case CPH have to pay any payments to CTARAF under the above guarantee agreement, CSBR agree to pay partial guarantee payment to CPH according to the rate specified in the agreement.

If CTARAF wishes to renew the land lease agreement and building lease agreement as in No.1) and No. 2) above when the lease period was due, CTARAF has to state its intention to CSBR and CPH, depending on the case, in writing within the 26<sup>th</sup> year from the first year of the lease period and both parties negotiate and finalise the details for renewal of lease agreement within the 27<sup>th</sup> year from the first year of the lease period.

- 3) CSBR entered into the agreement for sale of furniture and equipment installed/used within Centara Grand Beach Resort Samui Hotel with CTARAF, under which CTARAF agreed to pay for rights transferring of the said furniture and equipment in the amount of Baht 80 million (including VAT) by making a full payment on the day that the rights are transferred (26 September 2008).
- 4) CTARAF entered into the sublease agreement of Centara Grand Beach Resort Samui Hotel with Central Samui Hotel Management Co., Ltd. ("CSHM") for lease the land, building and utility facility and relating equipment, and furniture and equipment to CSHM to use in operating the hotel business. The lease term is 3 years commencing from 26 September 2008. CTARAF promised to CSHM that CSHM is able to lease the assets for another 3 years from the end of the lease term. CSHM must inform CTARAF for exercise of the promised right in writing not less than 6 months before the end of the lease term to mutually negotiate a new fixed lease fee. However, CTARAF is able to exercise the right to discontinue the lease by informing CSHM in writing. According to this agreement, CSHM agreed to pay a monthly lease fee comprising of a fixed lease fee in the amount of Baht 225 million per annum and a variable lease fee at 90 percent of earnings before interest, taxes, depreciation and amortisation.

According to the sublease agreement and other related agreements, CSHM must comply with the conditions stipulated in the agreement such as submission of

documents and other information specified in the agreement, opening and maintaining of various bank accounts including transfer of rights over the said bank accounts to CTARAF, without the increase of additional debt, selling, disposing, lease, forming a commitment in part or all of assets, lending to, investing, except for the consent in writing from CTARAF is granted.

Except in circumstance that CSHM can demonstrate to CTARAF that any event is beyond the control of or prevention by CSHM and such event has caused an adverse material impact on the operations of the hotel and such event occurs temporarily (“Temporary Force Majeure”) and resulting in CSHM being unable to pay the fixed rental to CTARAF in an amount and within the due date specified in sublease agreement, CSHM shall pay rental to CTARAF in the amount equivalent to 100 percent of earnings before interest, taxes, depreciation and amortisation (“EBITDA”) calculated from the operations of the hotel during such period and it shall not be deemed CSHM is in default of payments.

On 24 March 2014, CSHM sent the letter of intent to exercise the right to continue lease of Centara Grand Beach Resort Samui Hotel in accordance with the renewal condition in the sublease agreement which was expired on 25 September 2014. Subsequently, on 23 September 2014, the Management Company of CTARAF informed CSHM that CTARAF and CSHM were required to mutually agree on a new fix rental rate for the renewal of the sublease agreement. The Management Company of CTARAF confirmed that new rental rate would be the same as the previous rental rate. Whereas CSHM proposed that new rental rate would be 100 percent of EBITDA. Therefore, the Management Company of CTARAF and CSHM could not agree on the new rental rate.

On 3 April 2015, the Management Company of CTARAF reported to the Stock Exchange of Thailand that CTARAF and CSHM were still unable to reach an agreement on the rental rate for the renewal of the sublease agreement, which was expired in September 2014.

On 19 May 2015, the Management Company of CTARAF reported to the Stock Exchange of Thailand that the Management Company announced the seeking of a new sublessee and invited the interested parties for bids. On 14 August 2015, the Management Company had reviewed bidding documents submitted but that the bids are not in the best interests of the Fund and/or unit holders. Thus, the Fund exercised a right to not select the bidder.

On 13 March 2017, the Management Company of CTARAF reported to the Stock Exchange of Thailand that the Management Company was searching for additional sublease proposals other than those 3 alternatives proposed in the Unitholders' Meeting on 28 October 2016 by scheduling proposals submission date on 2 May 2017.

On 28 November 2017, the Management Company of CTARAF reported to the Stock Exchange of Thailand regarding to resolutions at the Unitholders' Meeting which 1) acknowledged the report on the progress of the Management Company's implementations regarding the sublease of Centara Grand Beach Resort Samui Hotel Project 2) approved the 4<sup>th</sup> option in the proposal of the sublease of the building of Centara Grand Beach Resort Samui Hotel from CSHM, which the rental fee is fixed during the first year at Baht 168 million and increases by 3 percent for every 3 years, and will be effective from the date of the new sublease agreement until 25 September 2038, including approval of the rental fee for the period from 26 September 2014 to the date on which the Property Fund has entered into a new sublease agreement with CSHM at the rate of 100 percent of EBITDA calculated from the business operation of Centara Grand Beach Resort Samui Hotel during such period 3) approved the amendment to the Fund Scheme. The new sublease agreement as resolution of the stated unitholders' meeting has been prepared and is effective on 1 January 2018. In addition, CPH entered in to a guarantee agreement with CTARAF to guarantee the performance of CSHM under the sub-lease agreement as required by a condition of the new sub-lease agreement.

#### **Central World Hotel Co., Ltd.**

On 28 April 2005, Central World Hotel Co., Ltd. ("CWH") entered into a sublease agreement of hotel land and building with Thai Business Fund 4 ("the Fund") to develop and to operate a hotel or other related businesses. CWH is required to pay rental in advance and annual rental fee totalling Baht 1,188.8 million to the Fund up to the end of the agreement on 22 December 2032. CWH paid the rental in advance upon signing the agreement of Baht 275 million and recorded the prepayment as leasehold right in the consolidated statement of financial position. For the nine-month period ended 30 September 2018, CWH recorded rental expense of Baht 28.7 million (for the nine-month period ended 30 September 2017: Baht 27.3 million).

The above agreement requires the rights on buildings and constructions thereon which CWH repair and maintenance or construct on the sublease land to belong to the land owner, the Crown Property Bureau, at the date that those repairs and maintenance or construction completed.

### **Cosi Hotel Co., Ltd.**

On 8 August 2016, Cosi Hotel Co., Ltd. (“COSI”) entered into a land sublease agreement of Central Festival Samui Project with Central World Co., Ltd. (“CTW”) to develop Cosi Hotel, Samui. COSI is required to pay sublease fees at Baht 62 million for the total 37 years 2 months sublease period and recorded the prepayment as leasehold right in the consolidated statement of financial position. For the nine-month period ended 30 September 2018, COSI has recorded rental expense of Baht 1.7 million (for the nine-month period ended 30 September 2017: Baht 1.7 million).

### *Future minimum lease payments under non-cancellable leases of the Company and its subsidiaries*

The future minimum lease payments under non-cancellable leases were payable as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
In up to 1 year	737	540	130	125
In over 1 year and up to 5 years	1,692	1,171	603	743
In over 5 years	4,154	1,273	814	772
Total	<u>6,583</u>	<u>2,984</u>	<u>1,547</u>	<u>1,640</u>

## Long-term service agreements

### **The Company**

On 26 September 2008, the Company entered into management agreement with Central Samui Hotel Management Co., Ltd. to manage the hotel's operations for 30 years commencing from the agreement date. The Company would receive management fee as specified in the agreement.

On 1 January 2013 and 1 July 2016, the Company entered into management fee agreements with Centara International Management (Thailand) Co., Ltd. and Centara International Management Co., Ltd., respectively. The stated agreements shall continue effective in full force until either party terminates the agreement or ceases its business operation. Such agreements due on monthly basis term and the Company would receive management fees at the rates specified in the agreements.

On 31 January 2014, the Company entered into a service agreement with Harng Central Department Store Co., Ltd. for a period of 1 year in order to receive information and various suggestions, which are beneficial to the Company. The Company agrees to pay service fee of Baht 1 million per month, the agreement is automatically renewable annually with a 5 percent increase of service fee every year.

On 28 November 2016 and 26 February 2018, the Company entered into a service agreement with Centara Management Headquarters Limited in order to receive regulatory services, order and control hotel operations under the hotel name. The agreement is effective from 1 July 2016 to 31 December 2017 and 26 November 2017 to 31 December 2018, respectively. The Company agrees to pay service fee at the rate specified in the agreement.

On 1 December 2017, the Company entered into a financial consulting and management service agreement with Central Restaurants Group Co., Ltd. ("CRG") to provide consulting service along with suggestions relevant to food business operation of CRG. The Company would receive quarterly management fee of Baht 1.25 million. Such agreement has a three-year term, commencing from 1 January 2017 to 31 December 2019, which either party has the right to terminate the agreement before such due date by informing in written notice to the other party in advance not less than 30 days.

## **The Subsidiaries**

Central Sukhontha Hotel Co., Ltd. (“CHY”) has entered into a rental and services agreement with Central Department Store Co., Ltd. for a period of 30 years ending on 31 May 2024. Central Department Store Co., Ltd. agreed to lease part of CHY’s building as a shopping center. Total income to CHY throughout the agreement is approximately Baht 428 million. As at 30 September 2018, the balance of deferred income was Baht 86.9 million (31 December 2017: Baht 97.6 million) in the consolidated financial statements.

On 31 January 2012, Central Restaurants Group Co., Ltd. (“CRG”) entered into a service agreement with Harn Central Department Store Co., Ltd. for a period of 1 year in order to receive information and various suggestions, which are beneficial to CRG. CRG agreed to pay service fee of Baht 500,000 per month, the agreement is automatically renewable annually with a 5 percent increase of service fee every year.

On 1 January 2015, Central Restaurants Group Co., Ltd. (“CRG”) entered into legal consultant service agreement with Harn Central Department Store Co., Ltd. in order to receive consultation, explanation and advice of legal matters especially for laws related to its business. The service fee is agreed to pay at Baht 73,000 per month. The agreement has a period of 1 year, commencing from 1 January 2015 to 31 December 2015, unless in practice both parties involve in consultation and advice under the intention of continuing this agreement without the renewal of the agreement. This should be considered as the beginning of the agreement in infinite period and is the right of either party to terminate the agreement, however, the advance notice of the termination should not be less than 30 days.

On 1 August 2017, Central Restaurants Group Co., Ltd. (“CRG”) entered into human resources management service agreement with Harn Central Department Store Co., Ltd. in order to receive human resources management service to enhance efficiency and support the growth of business by agreeing to pay service fee specified in the agreement. The agreement has a period of 1 year, commencing from 1 January 2018 to 31 December 2018. Unless either party terminate the agreement in advance not less than 30 days, this would be considered as one year renewal term with the same consent and conditions except service fee rate which both parties may reconsider.



Long-term lease and service agreements

Central Restaurants Group Co., Ltd. (“CRG”) had long-term lease and service agreements with related parties for periods of 3 to 30 years up to 2023. According to the terms of the agreements, CRG has to pay monthly rental and service charges at fixed rates or at certain percentages of gross sales as follows:

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	30 September	31 December
	2018	2017
<b>Operating lease commitments (only fixed rental and service fees and minimum lease payment)</b>		
In up to 1 year	378	346
In over 1 year and up to 5 years	237	214
In over 5 years	25	23
Total	640	583

Directors and management’s benefits

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

	(Unit: Million Baht)			
	Consolidated financial statements and			
	separate financial statements			
	For the three-month period		For the nine-month period	
	ended 30 September		ended 30 September	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	18	17	56	53
Post-employment benefits	1	1	2	2
Total	19	18	58	55

### 3. Current investments

As at 30 September 2018 and 31 December 2017, short-term investments consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	30 September	31 December
	2018	2017
Fixed deposits	597,220	98,043
Total	597,220	98,043

As at 30 September 2018, fixed deposits carried interests between 1.45 and 1.75 percent per annum (31 December 2017: 1.50 and 1.75 percent per annum).

### 4. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
<u>Trade accounts receivable -</u>				
<u>unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	199,474	318,619	62,207	82,409
Past due				
Not over 3 months	111,702	78,157	8,363	5,517
3 - 6 months	19,010	5,761	8,697	63
6 - 12 months	9,494	2,672	3,185	591
Over 12 months	13,735	13,396	-	1,181
Total trade accounts receivable -				
unrelated parties	353,415	418,605	82,452	89,761
Less: Allowance for doubtful debts	(14,183)	(11,486)	(5,163)	(4,511)
Total trade account receivable -				
unrelated parties, net	339,232	407,119	77,289	85,250
Total trade accounts receivable -				
net	339,232	407,119	77,289	85,250

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Other receivables</u>				
Other receivables - related parties	46,103	43,511	30,788	49,264
Other receivables - unrelated parties	331,533	348,197	80,722	63,734
Prepaid expense	107,823	56,592	26,969	16,562
Prepayment for purchase of goods	9,151	4,611	-	-
Total other receivables	494,610	452,911	138,479	129,560
Total trade and other receivables	833,842	860,030	215,768	214,810

The normal credit terms granted by the Group ranges from 30 days to 45 days.

## 5. Investments in associates

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Associates				
As at 1 January	528,502	594,317	526,614	594,317
Acquisitions	-	1,888	-	-
Share of profit from investments in associates	41,841	29,803	-	-
Unit redeemed	(4,055)	(6,325)	(4,055)	(6,325)
Dividend income	(16,219)	(18,733)	-	-
As at 30 September	550,069	600,950	522,559	587,992

There were no acquisition and disposal of investment in an associate during the nine-month periods ended 30 September 2018 (30 September 2017: Baht 1.9 million).

(Unaudited but reviewed)

Investments in associates as at 30 September 2018 and 31 December 2017, and dividend income for the nine-month periods ended 30 September 2018 and 2017 were as follows:

(Unit: Thousand Baht)

Company's name	Natures of business	Country of incorporation	Consolidated financial statements									
			Shareholding percentage		Paid-up capital		Cost		Carrying amounts based on equity method		Dividend	
			30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	30 September
			2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(Percent)	(Percent)								
Centara Hotels & Resorts Leasehold Property Fund	Property fund	Thai	25.3	25.3	3,044,480	3,060,480	770,691	774,746	548,181	526,614	16,219	18,733
Nakheel CT Deira Islands Hotel- FZCO	Hotel	United Arab Emirates	40.0	40.0	4,720	4,720	1,888	1,888	1,888	1,888	-	-
Total							772,579	776,634	550,069	528,502	16,219	18,733

As at 30 September 2018, the closing price of Centara Hotels & Resorts Leasehold Property Fund was Baht 4.82 (31 December 2017: Baht 5.15). The fair value of investment in Centara Hotels & Resorts Leasehold Property Fund was Baht 391 million (31 December 2017: Baht 418 million).

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Natures of business	Country of incorporation	Separate financial statements											
			Shareholding percentage		Paid-up capital		Cost		Allowance for impairment of investments		Carrying amounts based on equity method		Dividend	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	30 September 2017
			(Percent)	(Percent)										
Centara Hotels & Resorts Leasehold Property Fund	Property fund	Thai	25.3	25.3	3,044,480	3,060,480	770,691	774,746	(248,132)	(248,132)	522,559	526,614	16,219	18,733
Total							<u>770,691</u>	<u>774,746</u>	<u>(248,132)</u>	<u>(248,132)</u>	<u>522,559</u>	<u>526,614</u>	<u>16,219</u>	<u>18,733</u>

The Company set up impairment loss on investment in an associate by considering from the net asset value of the property fund.

## 6. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment loss		Cost - net		Dividend paid during the nine-month period ended	
	30		30		30		30		30		30	
	September	31 December	September	31 December	September	31 December	September	31 December	September	31 December	September	30 September
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(Percent)	(Percent)									
<b>Direct subsidiaries</b>												
Central Samui Beach Resort Co., Ltd.	670,000	670,000	100	100	814,383	814,383	-	-	814,383	814,383	194,300	130,650
Central Karon Village Co., Ltd.	37,500	37,500	100	100	76,500	76,500	-	-	76,500	76,500	9,375	6,750
Central Krabi Bay Resort Co., Ltd.	500,000	500,000	100	100	500,000	500,000	-	-	500,000	500,000	-	-
Central Hua Hin Beach Resort Co., Ltd.	185,000	185,000	63.9	63.9	198,905	198,905	-	-	198,905	198,905	112,395	94,648
Central World Hotel Co., Ltd.	1,800,000	1,800,000	100	100	1,800,000	1,800,000	-	-	1,800,000	1,800,000	-	-
Central Koh Kood Hotel Co., Ltd.	120,000	120,000	100	100	120,000	120,000	-	-	120,000	120,000	-	-
Central Hotel Management Co., Ltd.	250,000	250,000	100	100	250,000	250,000	-	-	250,000	250,000	-	-
Central Restaurants Group Co., Ltd.	620,000	620,000	100	100	669,607	669,607	-	-	669,607	669,607	-	-
Triplenine Decor Co., Ltd.	80,000	80,000	100	100	80,000	80,000	-	-	80,000	80,000	-	-
Central Samui Hotel Management Co., Ltd.	1,250	1,250	100	100	1,250	1,250	-	-	1,250	1,250	-	-
Centara International Management Co., Ltd.	150,000	150,000	100	100	150,000	150,000	-	-	150,000	150,000	187,500	60,000
S.P. Realty Had Farang Resort Co., Ltd.	88,500	88,500	100	100	88,500	88,500	-	-	88,500	88,500	-	-
S.P. Realty Pattaya Beach Co., Ltd.	80,000	80,000	100	100	80,000	80,000	-	-	80,000	80,000	-	-
Refresh Zone Co., Ltd.	1,000	1,000	100	100	1,000	1,000	(1,000)	(1,000)	-	-	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment loss		Cost - net		Dividend paid during the nine-month period ended	
	30		30		30		30		30		30	
	September	31 December	September	31 December	September	31 December	September	31 December	September	31 December	September	30 September
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(Percent)	(Percent)								
<b>Direct subsidiaries (continued)</b>												
Central Bangkok Convention & Exhibition Co., Ltd.	1,000	1,000	100	100	1,000	1,000	-	-	1,000	1,000	-	-
Centara International Management (Thailand) Co., Ltd.	25,000	25,000	100	100	25,000	25,000	-	-	25,000	25,000	-	30,000
Karon Phuket Hotel Co., Ltd.	520,000	520,000	99.3	99.3	479,187	479,187	-	-	479,187	479,187	77,460	61,968
Cosi Hotel Co., Ltd.	171,000	30,000	100	100	171,000	30,000	-	-	171,000	30,000	-	-
Centara Import-Export Co., Ltd.	1,000	1,000	100	100	1,000	1,000	-	-	1,000	1,000	-	-
Cosi Hotel Management Co., Ltd.	1,250	1,250	100	100	1,250	1,250	-	-	1,250	1,250	-	-
Centara Loyalty Marketing Co., Ltd.	12,500	12,500	100	100	12,500	12,500	-	-	12,500	12,500	12,500	15,000
Centara Learning Centre Co., Ltd.	2,500	2,500	100	100	2,500	2,500	-	-	2,500	2,500	-	-
Kata Phuket Hotel Co., Ltd.	120,000	120,000	99	99	170,000	170,000	-	-	170,000	170,000	29,700	23,760
Centara Management Headquarter Limited	210,000	210,000	100	100	210,000	210,000	-	-	210,000	210,000	324,300	150,000

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment loss		Cost - net		Dividend paid during the nine-month period ended	
	30	30	30	30	30	30	30	30	30	30	30	30
	September	31 December	September	31 December	September	31 December	September	31 December	September	31 December	September	30 September
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
		(Percent)	(Percent)									
<b>Indirect subsidiaries</b>												
Central Sukhontha Hotel Co., Ltd.	145,000	145,000	100	100	-	-	-	-	-	-	-	-
Central Samui Village Co., Ltd.	55,000	55,000	100	100	-	-	-	-	-	-	-	-
Central Mae Sot Hill Hotel Co., Ltd.	190,000	190,000	98.4	98.4	-	-	-	-	-	-	-	-
CRG Manufacturing Co., Ltd.	160,000	160,000	100	100	-	-	-	-	-	-	-	-
Central Laundry Services Co., Ltd.	1,500	1,500	100	100	-	-	-	-	-	-	-	-
CRG International Food Co., Ltd.	179,760	179,760	100	100	-	-	-	-	-	-	-	-
S.P. Realty Lanta Beach Co., Ltd.	36,000	36,000	100	100	-	-	-	-	-	-	-	-
Centara Maldives Pvt. Ltd.	797,223	797,223	75	75	-	-	-	-	-	-	-	-
R.M.L. Leisure Pvt. Ltd.	483,886	483,886	74	74	-	-	-	-	-	-	-	-
Centara (Shanghai) Hotel Management Co., Ltd.	62,257	48,385	100	100	-	-	-	-	-	-	-	-
CIM for Hotel Management Egypt, S.A.E.	577	577	100	100	-	-	-	-	-	-	-	-
Centara Capital Limited	74,807	74,807	100	100	-	-	-	-	-	-	-	-
Lagoon Assets Private Limited	1,070	1,070	100	100	-	-	-	-	-	-	-	-
<b>Total</b>					<u>5,903,582</u>	<u>5,762,582</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>5,902,582</u>	<u>5,761,582</u>	<u>947,530</u>	<u>572,776</u>



On 9 March 2018, Centara International Management Co., Ltd. (a subsidiary) made payment of Baht 6 million for 20 percent called up of the additional registered capital of Centara (Shanghai) Hotel Management Co., Ltd., an indirect subsidiary of the Group. Subsequently, on 6 July 2018, the subsidiary made another payment of Baht 7.5 million for 25 percent of called up of additional registered capital of such indirect subsidiary of the Group. As at 30 September 2018, the indirect subsidiary of the Group had fully called up and received payment for the additional registered capital.

On 30 April 2018, the Annual General Meeting of shareholders of Cosi Hotel Co., Ltd. (Subsidiary) passed a resolution to increase its registered share capital from Baht 30 million (0.3 million ordinary shares of Baht 100 each) to Baht 500 million (5 million ordinary shares of Baht 100 each) by issuing 4.7 million ordinary shares with par value of Baht 100. The Subsidiary registered the share capital increase with the Ministry of Commerce on 2 May 2018. This incremental registered share capital is 30 percent call-up or equivalent to Baht 141 million. Therefore, the total paid-up share capital of the subsidiary as at 30 September 2018 is Baht 171 million.

## **7. Investment properties, property, plant and equipment, leasehold rights and other intangible assets**

During the nine-month period ended 30 September 2018, property, plant, and equipment of the Group was increased at a total cost of Baht 924 million, mostly from renovation and construction of hotel and branch expansion of food business. There were no significant additions to or disposals of leasehold rights and other intangible assets during the period.

According to sublease agreement of Centara Grand at Central Plaza Ladprao Bangkok Hotel, leased assets which the Company has renovated, improved or constructed, altered, added, maintained or rebuilt, will be transferred to the State of Railway of Thailand.

In accordance with the lease agreement for building, convention center and hotel at The Government Complex Commemorating His Majesty The King's 80th Birthday Anniversary, 5th December, B.E. 2550 (the "Project") made with Dhanarak Asset Development Co., Ltd. ("DAD"), the ownership of any assets or building construction arising from the maintenance, restoration, development of building construction, the Project area and the Project assets are to be transferred to DAD as soon as the said construction, development, replacement, use, and modification are completed.

According to land lease agreement of Hua Hin Railway Hotel, hotel buildings and premises including the additional fixtures of a subsidiary, Central Hua Hin Beach Resort Co., Ltd., will be transferred to the State Railway of Thailand.

(Unaudited but reviewed)

In respect to the hotel buildings, constructions and fixtures thereon of a subsidiary, Central World Hotel Co., Ltd. (“CWH”), the rights on buildings and constructions thereon which CWH repair and maintenance or construct on the sub-lease land will be transferred to the land owner, the Crown Property Bureau. As at 30 September 2018, the net book value of assets under sub-lease land agreement was Baht 2,051 million (31 December 2017: Baht 2,164 million).

Central Restaurants Group Co., Ltd. (“CRG”) entered into agreements with three local banks to obtain various short-term credit facility lines. Under the term of the agreements, CRG shall not dispose, pledge or mortgage the existing or future property and leasehold rights in an amount over the agreed amount stated in the agreements without consent from the banks.

## 8. Goodwill

Goodwill arising from the acquisition of Central Restaurants Group Co., Ltd. and indirect interest in CRG International Food Co., Ltd. are Baht 115 million and Baht 199 million, respectively. The Group has reviewed for impairment of goodwill annually.

## 9. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Trade payables - unrelated parties	727,270	891,197	62,960	59,920
Other payables - related parties	7,493	27,705	11,234	22,002
Other payables - unrelated parties	71,723	93,902	32,825	32,399
Payables for purchase of fixed assets	169,499	108,514	7,285	3,423
Guest deposits	536,640	531,177	109,400	126,384
Accrued expenses	1,115,352	1,067,186	169,169	106,850
Total	2,627,977	2,719,681	392,873	350,978

## 10. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Long-term loans	1,759,190	1,773,027	613,012	494,617
Less: Portion due within one year	(213,073)	(235,302)	-	-
Long-term loans - net of current portion	1,546,117	1,537,725	613,012	494,617

### **Long-term loan of the Company**

- a) In May 2017, the Company entered into a loan agreement with a local financial institution to be source of fund for investment in Dubai project and others, which are relevant to the project, with a loan credit facility of USD 64 million. As of 30 September 2018, the stated loan was drawn down in the total amount of USD 6.5 million. The principal is payable in installment term on a three-month basis, starting from the 39<sup>th</sup> month after the agreement signing date and the interest is payable on a three-month term basis. This loan is an unsecured loan carrying an interest at the rate specified in the agreement and contains covenants in various matters, including of the maintenance of financial ratios. As at 30 September 2018, the outstanding balance of the aforesaid loan is USD 6.5 million (31 December 2017: USD 2.9 million).
- b) In June 2017, the Company entered into a loan agreement with a local financial institution for a loan of Baht 400 million with a three-years repayable term from the drawdown date. The loan carries interest at the specified rate in the agreement with six-month payable. This loan is an unsecured loan and has condition of maintaining financial ratios that the Company must comply. As at 30 September 2018, the outstanding balance of the aforesaid loan is Baht 400 million (31 December 2017: Baht 400 million).

### **Long-term loan of the subsidiaries**

- c) A foreign subsidiary entered into a loan agreement with a local financial institution for a loan credit line of USD 20 million and USD 9 million. The loans were withdrew during 2013 and 2015 with a three-month payment term for interest. Such loan has an interest at the specified rate as well as terms and conditions to maintain financial ratios in the agreement. As at 30 September 2018, the outstanding loan is USD 13.85 million and USD 7.9 million respectively (31 December 2017: USD 15.9 million and USD 8.5 million respectively).
- d) A foreign subsidiary entered into a loan agreement with a local financial institution. The loan was withdrawn in March 2017 totalling USD 20.4 million with quarterly installments payable until 2022. The loan has interest at the specified rate in the agreement. The stated loan was guaranteed by a director and the parent company including condition of maintaining financial ratios that a parent company must comply. As at 30 September 2018, the outstanding balance of the aforesaid loan is USD 10.8 million (31 December 2017: USD 13.8 million).

- e) A subsidiary entered into a loan agreement with a local financial institution, loan credit line obtained by the subsidiary is in the amount of Baht 177 million. The loan was withdrawn in July 2017 in the amount of Baht 30 million with quarterly installments payable term within ten years from the first drawdown date. The stated loan has interest at the specified rate in the agreement with three months payable and was guaranteed by a parent company, including condition of maintaining financial ratios that a parent company must comply. As at 30 September 2018, the outstanding balance of the aforesaid loan is Baht 30 million (31 December 2017: Baht 30 million).
- f) A subsidiary entered into a loan agreement with a local financial institution, loan credit line obtained by the subsidiary is in the amount of Baht 293 million. The loan was withdrawn in July 2018 in the amount of Baht 61.3 million with quarterly installments payable term within ten years from the first drawdown date. The stated loan has interest at the specified rate in the agreement with three months payable and was guaranteed by a parent company, including condition of maintaining financial ratios that a parent company must comply. As at 30 September 2018, the outstanding balance of the aforesaid loan is Baht 61.3 million.

## 11. Debentures

	Interest rate	Maturity date	(Unit: Thousand Baht)	
			Consolidated and separate	
			financial statements	
	(Percent)		<u>2018</u>	<u>2017</u>
No. 1/2015	2.41	19 November 2018	700,000	700,000
No. 1/2016	2.09	30 March 2020	800,000	800,000
No. 2/2016	2.45	11 August 2021	980,000	980,000
No. 3/2016	2.78	29 September 2022	1,000,000	1,000,000
No. 3/2016	2.97	29 September 2023	1,000,000	1,000,000
No. 3/2016	3.39	29 September 2026	500,000	500,000
			4,980,000	4,980,000
Debentures due within one year			(700,000)	(700,000)
<b>Debentures due after one year</b>			<u>4,280,000</u>	<u>4,280,000</u>

The debentures are in the name of specific holders, unsubordinated and unsecured.

These debentures contain certain restrictions and conditions relating to financial ratios, payment of dividends, decrease in paid-up share capital, pledge, mortgage, and disposal of assets, which are material for business operations.

There were no issuance of debentures and repayment of debentures during the nine-month period ended 30 September 2018.

**12. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	65,762	39,934	(793)	(4,220)
Adjustment in respect of current income tax	-	34,553	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	13,518	18,633	8,636	7,214
<b>Income tax expenses reported in the income statements</b>	<u>79,280</u>	<u>93,120</u>	<u>7,843</u>	<u>2,994</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	306,033	258,870	-	3,765
Adjustment in respect of current income tax	5,564	(12,630)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	17,668	53,791	22,874	19,879
<b>Income tax expenses reported in the income statements</b>	<u>329,265</u>	<u>300,031</u>	<u>22,874</u>	<u>23,644</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		financial statements	
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to change in value of available-for-sale investments	(39)	(1)	23	(23)

### 13. Earnings per share

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

### 14. Dividends

At the annual general meeting of the shareholders of the Company held on 30 April 2018, the shareholders approved the appropriation of dividend of Baht 0.60 per share, amounting to Baht 810 million. The dividend was paid to shareholders during 2018.

At the annual general meeting of the shareholders of the Company held on 28 April 2017, the shareholders approved the appropriation of dividend of Baht 0.55 per share, amounting to Baht 742.5 million. The dividend was paid to shareholders during 2017.

## 15. Operating segment information

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

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

(Unit: Million Baht)

	For the three-month periods ended 30 September									
	Hotel and related services operation		Food and ice-cream operation		Total		Adjustments and eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales and services income										
- Third parties	2,126	2,034	3,089	2,749	5,215	4,783	-	-	5,215	4,783
- Related parties	3	28	23	21	26	49	(26)	(49)	-	-
Total sales and services income	2,129	2,062	3,112	2,770	5,241	4,832	(26)	(49)	5,215	4,783
Cost of sales and services	(1,421)	(1,433)	(1,687)	(1,485)	(3,108)	(2,918)	6	16	(3,102)	(2,902)
Gross profit	708	629	1,425	1,285	2,133	1,914	(20)	(33)	2,113	1,881
Unallocated income (expenses):										
Other income	478	350	29	24	507	374	(401)	(277)	106	97
Selling expenses	(136)	(101)	(129)	(127)	(265)	(228)	36	8	(229)	(220)
Administrative expenses	(545)	(522)	(1,074)	(957)	(1,619)	(1,479)	199	240	(1,420)	(1,239)
Share of profit from investment in associates	14	9	-	-	14	9	-	-	14	9
Finance cost	(100)	(102)	(1)	-	(101)	(102)	46	48	(55)	(54)
Income tax expenses	(45)	(63)	(34)	(30)	(79)	(93)	-	-	(79)	(93)
Profit for the period	374	200	216	195	590	395	(140)	(14)	450	381

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Hotel and related services operation		Food and ice-cream operation		Total		Adjustments and eliminations		Consolidated	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sales and services income										
- Third parties	6,988	6,579	8,892	8,072	15,880	14,651	-	-	15,880	14,651
- Related parties	10	35	71	75	81	110	(81)	(110)	-	-
Total sales and services income	6,998	6,614	8,963	8,147	15,961	14,761	(81)	(110)	15,880	14,651
Cost of sales and services	(4,351)	(4,211)	(4,847)	(4,386)	(9,198)	(8,597)	42	53	(9,156)	(8,544)
Gross profit	2,647	2,403	4,116	3,761	6,763	6,164	(39)	(57)	6,724	6,107
Unallocated income (expenses):										
Other income	1,293	1,405	90	74	1,383	1,479	(1,010)	(1,106)	373	373
Selling expenses	(386)	(323)	(379)	(343)	(765)	(666)	122	25	(643)	(641)
Administrative expenses	(1,724)	(1,630)	(3,156)	(2,865)	(4,880)	(4,495)	632	709	(4,248)	(3,786)
Share of profit from investment in associates	42	30	-	-	42	30	-	-	42	30
Finance cost	(291)	(323)	(1)	-	(292)	(323)	136	154	(156)	(169)
Income tax expenses	(238)	(223)	(91)	(77)	(329)	(300)	-	-	(329)	(300)
Profit for the period	1,343	1,339	579	550	1,922	1,889	(159)	(275)	1,763	1,614



## 16. Commitments and contingent liabilities

### 16.1 Capital commitments

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries had capital commitments as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Hotel construction and renovation	293.1	326.5	14.0	1.9
Machinery and equipment	17.8	14.1	-	-
Leasehold improvement	16.4	24.8	-	-
<b>Total</b>	<b>327.3</b>	<b>365.4</b>	<b>14.0</b>	<b>1.9</b>

### 16.2 Operating lease and service commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, building space and equipment and other service agreements. The terms of the agreements are generally between 3 and 20 years.

As at 30 September 2018 and 31 December 2017, future minimum payments required under these non-cancellable operating lease contracts and other service contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Payable:				
In up to 1 year	618.7	606.5	-	-
In over 1 year and up to 5 years	916.9	947.9	-	-
In over 5 years	3,198.3	3,549.0	-	-

## 16.3 Guarantees

### 16.3.1 Bank guarantees

As at 30 September 2018 and 31 December 2017, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries, in respect of the normal course of certain performance bonds as required in their business. The details of bank guarantees were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Guarantees for rental	76	103	59	88
Guarantee electricity use, among others	54	51	12	10
Total	130	154	71	98

### 16.3.2 Related parties guarantees

#### The Company

As at 30 September 2018, the Company and a director of the Company provided guarantees to various local financial institutions for loans facility of three subsidiaries in the amount of Baht 2,460 million. As at 30 September 2018, the outstanding balance of these loans are Baht 1,276 million (31 December 2017: Baht 1,425 million).

#### Subsidiary

As at 30 September 2018, Central Restaurants Group Co., Ltd. had commitments to a financial institution for guarantees of bank overdraft and long-term loan facility of a subsidiary totalling Baht 55.8 million (31 December 2017: Baht 55.8 million).

## 16.4 Contingent liabilities

On 12 July 2017, a subsidiary filed a lawsuit against a receivable (the objector) for a compensation of totaling Baht 209.8 million plus interest with respect to the unpaid management fees of Baht 51.2 million and for other damages on the grounds of breach of hotel management contract. On 27 December 2017, the objector filed a counterclaim rejecting to pay the compensation and demanded a compensation amounting to Baht 918.4 million plus interest for the damage arising from a fraud and a breach of contract by the subsidiary during the period in which it performed the management of the objector's hotel. On 30 April 2018, the subsidiary filed an objection against the claim of the objector. Presently, the claim for the compensation and the counterclaim are being considered by the arbitrator.

On 3 August 2018, the subsidiary was informed that the arbitration tribunal found, after studying the file of the case, that the settlement negotiations had been arranged on 9 May 2016 whereby the objector accepted that it had not paid for the hotel management fees and made some installment payments. The arbitrator therefore recommended the parties consider amicable settlement before proceed with the lawsuit. The management agreed to arrange the settlement. The management believed that the Company has a high probability that it would win the case. As at 30 September 2018, no provision for doubtful accounts and no provision for liabilities have been made in set aside in the financial statements.

## 17. Fair value hierarchy

As of 30 September 2018, the Company and its subsidiaries had the assets that were measured at fair value as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	Level 2		Level 2	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b>Financial assets measured at fair value</b>				
Investments available-for-sale securities - debt instruments	1	1	-	-

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

## 18. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 November 2018.