

Central Plaza Hotel Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2019

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 2018. 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 period

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the 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.

TFRS 16 Leases

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is 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 2018.

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 31 March				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Rental income	-	-	733	733	Contractually agreed prices
Interest income	-	-	21,180	20,939	Bank interest rate
Management fee income	-	-	49,617	52,780	Contractually agreed prices
Income from loan guarantee	-	-	2,019	2,458	Contractually agreed prices
Interest expense	-	-	3,914	3,727	Bank interest rate
Other expenses	-	-	1,292	1,290	Agreed prices
Rental expense	-	-	1,744	1,744	Contractually agreed prices
Management fee expense	-	-	42,646	45,390	Contractually agreed prices

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with associated companies</u>					
Rental income	24,740	24,740	12,411	12,411	Contractually agreed prices
Dividend income	3,552	-	3,552	-	Dividend announcement
Rental expense	45,886	41,983	-	-	Contractually agreed prices
<u>Transactions with related companies</u>					
Rental income	3,570	3,570	-	-	Contractually agreed prices
Management fee income	3,665	4,349	-	-	Contractually agreed prices
Other income	4,815	4,440	-	-	Agreed prices
Rental expense	43,675	41,686	32,358	30,415	Contractually agreed prices
Electricity expense	9,075	8,548	9,075	8,548	Contractually agreed prices
Management fee expense	8,483	8,201	3,829	3,647	Contractually agreed prices
Other service fees	5,127	4,406	-	-	Agreed prices

The balances of the accounts as at 31 March 2019 and 31 December 2018 between the Company, its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Trade and other receivables - related parties (Note 4)				
Subsidiaries	-	-	33,298	34,142
Related companies (related by common directors)	20,682	21,549	3,212	3,132
Total trade and other receivables - related parties	20,682	21,549	36,510	37,274
Dividend receivables - related parties				
Subsidiaries	-	-	-	277,000
Total dividend receivables - related parties	-	-	-	277,000
Trade and other payables - related parties (Note 10)				
Subsidiaries	-	-	12,419	12,398
Related companies (related by common directors)	15,365	4,938	3	84
Total trade and other payables - related parties	15,365	4,938	12,422	12,482

Loans to related parties

As at 31 March 2019 and 31 December 2018, the balance of short-term and long-term loans to related parties and the movements are as follows:

(Unit: Thousand Baht)						
Loans to related parties			Consolidated		Separate	
	Interest rate		financial statements		financial statements	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
	(Percent per annum)					
Short-term loans						
Subsidiaries	3.0	3.0	-	-	539,305	322,824
Long-term loans						
Subsidiaries	3.0	3.0	-	-	2,446,715	2,139,177
Total			-	-	2,986,020	2,462,001

Movements during the three-month periods ended 31 March 2019 and 2018 of loans to related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Loans to related parties				
Subsidiaries				
At 1 January	-	-	2,660,501	3,049,850
Increase	-	-	1,129,569	598,683
Decrease	-	-	(605,550)	(893,222)
Total	-	-	3,184,520	2,755,311
Less: Allowance for doubtful debts	-	-	(198,500)	(23,500)
As at 31 March	-	-	2,986,020	2,731,811

Loans from subsidiary parties

As at 31 March 2019 and 31 December 2018, the balance of short-term and long-term loans from related parties are as follows:

(Unit: Thousand Baht)						
Loans from related parties	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
	(Percent per annum)					
Short-term loans						
Subsidiaries	2.0 - 3.0	1.4 - 3.0	-	-	540,388	414,373
Long-term loans						
Other related parties	3.0	3.0	52,329	52,329	-	-
Total			52,329	52,329	540,388	414,373

Movements during the three-month periods ended 31 March 2019 and 2018 of loans from related parties were as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term loans				
Subsidiaries				
At 1 January	-	-	414,373	1,272,900
Increase	-	-	687,711	550,619
Decrease	-	-	(561,696)	(843,671)
As at 31 March	<u>-</u>	<u>-</u>	<u>540,388</u>	<u>979,848</u>
Long-term loans				
Other related parties				
At 1 January	52,329	60,989	-	-
As at 31 March	<u>52,329</u>	<u>60,989</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 31 March 2019, the balance of deferred income was Baht 975 million (31 December 2018: Baht 987 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 31 March 2019, the balance of deferred income was Baht 980 million (31 December 2018: Baht 993 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 26th year from the first year of the lease period and both parties negotiate and finalise the details for renewal of lease agreement within the 27th 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 4th 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 three-month period ended 31 March 2019, CWH recorded rental expense of Baht 10.0 million (for the three-month period ended 31 March 2018: Baht 9.7 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 three-month period ended 31 March 2019, COSI has recorded rental expense of Baht 0.7 million (for the three-month period ended 31 March 2018: Baht 0.6 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.

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
In up to 1 year	1,672	780	134	132
In over 1 year and up to 5 years	1,842	1,693	621	612
In over 5 years	3,958	4,060	728	772
Total	7,472	6,533	1,483	1,516

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

On 1 January 2017, the Company entered into management fee agreements with Centara International Management (Thailand) Co., Ltd. and Centara Management Headquarters Limited. 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 2018 and 26 November 2017 to 31 December 2018, respectively. The Company agrees to pay service fee at the rate specified in the agreement. the agreement is automatically renewable annually every year.

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 31 March 2019, the balance of deferred income was Baht 79.7 million (31 December 2018: Baht 83.3 million) in the consolidated financial statements.

On 31 January 2012, Central Restaurants Group Co., Ltd. ("CRG") 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 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 Harng 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 Harng 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	
	31 March 2019	31 December 2018
Operating lease commitments (only fixed rental and service fees and minimum lease payment)		
In up to 1 year	1,277	394
In over 1 year and up to 5 years	328	228
In over 5 years	23	24
Total	<u>1,628</u>	<u>646</u>

Directors and management's benefits

During the three-month periods ended 31 March 2019 and 2018, 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	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	24	19
Post-employment benefits	1	1
Total	<u>25</u>	<u>20</u>

3. Current investments

As at 31 March 2019 and 31 December 2018, short-term investments consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	31 March	31 December
	2019	2018
Fixed deposits	1,076,775	898,690
Total	1,076,775	898,690

As at 31 March 2019, fixed deposits carried interests between 1.65 to 1.75 percent per annum (31 December 2018: 1.50 to 1.75 percent per annum).

4. Trade and other receivables

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	31 March	31 December
	2019	2018
Trade accounts receivable - unrelated parties		
Aged on the basis of due dates		
Not yet due	298,169	280,978
Past due		
Not over 3 months	101,865	96,717
3 - 6 months	5,968	18,054
6 - 12 months	1,508	18,559
Over 12 months	21,803	11,989
Total trade accounts receivable - unrelated parties	429,313	426,297
Less: Allowance for doubtful debts	(13,734)	(12,664)
Total trade account receivable - unrelated parties, net	415,579	413,633
Total trade accounts receivable - net	415,579	413,633

(Unaudited but reviewed)

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
<u>Other receivables</u>				
Other receivables - related parties	20,682	21,549	36,510	37,274
Other receivables - unrelated parties	317,755	347,723	53,438	57,316
Prepaid expense	133,483	73,404	29,236	22,611
Prepayment for purchase of goods	3,190	7,120	-	-
Insurance claim receivable (Note 13)	100,715	-	-	-
Total other receivables	575,825	449,796	119,184	117,201
Total trade and other receivables	991,404	863,429	198,961	214,507

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

5. Investments in an associate

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
As at 1 January	533,619	526,615	527,635	526,614
Share of profit from investment in an associate	7,900	21,007	-	-
Unit redeemed	(6,179)	(4,055)	(6,179)	(4,055)
Dividend income	(3,552)	-	-	-
As at period/year ended 31 March	531,788	543,567	521,456	522,559

There were no acquisition and disposal of investment in an associate during the three-month periods ended 31 March 2019 and 2018.

(Unaudited but reviewed)

Investment in an associate as at 31 March 2019 and 31 December 2018, and dividend income for the three-month periods ended 31 March 2019 and 2018 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 received during the three-month period ended	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)								
Centara Hotels & Resorts	Property fund	Thai	25.3	25.3	3,020,096	3,044,480	764,512	770,691	531,788	533,619	3,552	-
Leasehold Property Fund												
Total							764,512	770,691	531,788	533,619	3,552	-

As at 31 March 2019, the closing price of Centara Hotels & Resorts Leasehold Property Fund was Baht 4.68 (31 December 2018: Baht 4.72). The fair value of investment in Centara Hotels & Resorts Leasehold Property Fund was Baht 380 million (31 December 2018: Baht 383 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 investment		Carrying amounts based on equity method		Dividend received during the three-month period ended	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)										
Centara Hotels & Resorts Leasehold Property Fund	Property fund	Thai	25.3	25.3	3,020,096	3,044,480	764,512	770,691	(243,056)	(243,056)	521,456	527,635	3,552	-
Total							764,512	770,691	(243,056)	(243,056)	521,456	527,635	3,552	-

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 received during the three-month period ended	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)								
Direct subsidiaries												
Central Samui Beach Resort Co., Ltd.	670,000	670,000	100	100	814,383	814,383	-	-	814,383	814,383	-	-
Central Karon Village Co., Ltd.	37,500	37,500	100	100	76,500	76,500	-	-	76,500	76,500	-	-
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	-	-
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	-	-
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 received during the three-month period ended	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)								
Direct subsidiaries (continued)												
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	-	-
Karon Phuket Hotel Co., Ltd.	520,000	520,000	99.3	99.3	479,187	479,187	-	-	479,187	479,187	-	-
Cosi Hotel Co., Ltd.	171,000	171,000	100	100	171,000	171,000	-	-	171,000	171,000	-	-
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	-	-
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	-	-
Centara Management Headquarter Limited	210,000	210,000	100	100	210,000	210,000	-	-	210,000	210,000	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment loss		Cost - net		Dividend received during the three-month period ended	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 March
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)								
Indirect subsidiaries												
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	62,257	100	100	-	-	-	-	-	-	-	-
CIM for Hotel Management Egypt, S.A.E.	577	577	100	100	-	-	-	-	-	-	-	-
Centara Capital Limited	782,434	74,807	100	100	-	-	-	-	-	-	-	-
Lagoon Assets Private Limited	1,070	1,070	100	100	-	-	-	-	-	-	-	-
Total					5,903,582	5,903,582	(2,250)	(2,250)	5,901,332	5,901,332	-	-

On 16 January 2019, the Board of Directors of Centara Management Headquarters Limited (subsidiary) passed a resolution approving an increase in the registered capital of Centara Capital Limited, an indirect subsidiary of the Company, with the subsidiary to additionally invest in 100% of the newly issued capital, amounting to Baht 707.63 million. The subsidiary made full payment for the additional ordinary share capital in February 2019.

7. Investment in a joint venture

7.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and another company. Details of this investment are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements							
Joint ventures	Natures of business	Shareholding percentage		Carrying amounts of investment based on equity method		Long-term loans		Total	
		31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
		2019	2018	2019	2018	2019	2018	2019	2018
Nakheel CT Deira Islands Hotel- FZCO	Hotel	40	40	1,887	1,887	448,709	392,238	450,596	394,125
Total				1,887	1,887	448,709	392,238	450,596	394,125

Loans to joint venture

On 28 September 2017, Centara Capital Limited (an indirectly-held subsidiary) entered into a loan agreement with Nakheel CT Deira Islands Hotel - FZCO (joint venture). The subsidiary will provide loans to the joint venture for land acquisition, hotel construction, and other purposes specified in the joint venture agreement, as notified from time to time, in proportion to its shareholding. The loans carry interest at a rate specified in the agreement and full repayment of principal, together with interest, is to be made within 2115.

Movements during the period ended 31 March 2019 and 2018 of loans to joint venture were as follows:

	Interest rate		(Unit: Thousand Baht) Consolidate financial statement	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Percent)	(Percent)		
As at 1 January			392,238	95,042
Addition	6.6 - 7.9	6.6 - 7.3	64,639	38,494
Changed in exchange rate			(8,168)	-
As at 31 March			<u>448,709</u>	<u>133,536</u>

7.2 Share of comprehensive income (loss)

During the periods, the Company recognised its share of comprehensive income (loss) from investment in the joint venture in the consolidated financial statements as follows:

Joint venture	(Unit: Thousand Baht) Consolidated financial statements	
	Share of profit (loss) from investment in joint venture during three-month period ended 31 March	
	<u>2019</u>	<u>2018</u>
Nakheel CT Deira Islands Hotel- FZCO	-	-

8. Investment properties, property, plant and equipment, leasehold rights and other intangible assets

During the three-month period ended 31 March 2019, property, plant, and equipment of the Group was increased at a total cost of Baht 423 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.

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 31 March 2019, the net book value of assets under sub-lease land agreement was Baht 1,978 million (31 December 2018: Baht 2,014 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.

9. 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.

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Trade payables - unrelated parties	741,338	800,425	57,326	66,530
Other payables - related parties	15,365	4,938	12,422	12,482
Other payables - unrelated parties	85,464	88,050	37,721	29,091
Payables for purchase of fixed assets	188,808	221,347	6,835	7,282
Guest deposits	530,818	553,007	133,666	140,003
Accrued expenses	993,205	1,087,649	137,840	143,146
Total	2,554,998	2,755,416	385,810	398,534

11. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Long-term loans	2,517,976	2,613,711	1,549,426	1,491,834
Less: Portion due within one year	(203,937)	(234,144)	-	-
Long-term loans - net of current portion	2,314,039	2,379,567	1,549,426	1,491,834

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 31 March 2019, the stated loan was drawn down in the total amount of USD 14.05 million. The principal is payable in installment term on a three-month basis, starting from the 39th 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 31 March 2019, the outstanding balance of the aforesaid loan is USD 14.05 million (31 December 2018: USD 12.0 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 31 March 2019, the outstanding balance of the aforesaid loan is Baht 400 million (31 December 2018: Baht 400 million).
- c) In November 2018, the Company entered into a loan agreement with a local financial institution for a loan of Baht 700 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 31 March 2019, the outstanding balance of the aforesaid loan is Baht 700 million (31 December 2018: Baht 700 million).

Long-term loan of the subsidiaries

- d) 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 31 March 2019, the outstanding loan is USD 11.7 million and USD 7.2 million respectively (31 December 2018: USD 13.4 million and USD 7.7 million respectively).
- e) 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 31 March 2019, the outstanding balance of the aforesaid loan is USD 7.8 million (31 December 2018: USD 9.8 million).

- f) A subsidiary entered into a loan agreement with two local financial institutions, loan credit line obtained by the subsidiary is in the amount of Baht 177 million and Baht 293 million. The loan was withdrawn in during 2017 and 2018 in the amount of Baht 30 million and Baht 89.2 million, respectively 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 31 March 2019, the outstanding balance of the aforesaid loan is Baht 119.2 million (31 December 2018: Baht 119.2 million).

12. Debentures

(Unit: Thousand Baht)				
Consolidated and separate financial statements				
	Interest rate	Maturity date	2019	2018
	(Percent)			
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
			4,280,000	4,280,000
Debentures due within one year			(800,000)	-
Debentures due after one year			3,480,000	4,280,000

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 three-month period ended 31 March 2019.

13. Insurance claim receivable

Due to the political unrest in Bangkok in 2010, restaurants of one subsidiary and another subsidiary sustained fire damage. Losses totaled approximately Baht 66 million, consisting of damage to fixed assets and other assets of Baht 36 million and business interruption losses of Baht 30 million. The two subsidiaries filed claims for compensation of these losses with insurance companies in 2010. However, the insurance companies denied liability and the subsidiaries filed lawsuits against the insurance companies. In March 2019 the Supreme Court's decision ordered the insurance companies to pay compensation to the subsidiaries, together with interest at 7.5 percent per annum (calculated from the filing date), or a total of Baht 100.7 million.

In March 2019 the two subsidiaries recognised the compensation of Baht 100.7 million as income under the caption of other income in the comprehensive income statements and recorded insurance claims receivable under other receivables in their statements of financial position.

14. 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 periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	143,590	176,205	-	8,130
Adjustment in respect of current income tax	-	(2,071)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	15,525	8,271	2,052	(1,757)
Income tax expenses reported in the income statements	<u>159,115</u>	<u>182,405</u>	<u>2,052</u>	<u>6,373</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the three-month periods ended 31 March	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to change in value of available-for-sale investments	<u>(24)</u>	<u>24</u>

15. 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.

16. 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 periods ended 31 March 2019 and 2018, respectively.

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Hotel and related services operation		Food and ice-cream operation		Total		Adjustments and eliminations		Consolidated	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and services income										
- Third parties	2,644	2,832	2,868	2,776	5,512	5,608	-	-	5,512	5,608
- Related parties	1	3	22	23	23	26	(23)	(26)	-	-
Total sales and services income	2,645	2,835	2,890	2,799	5,535	5,634	(23)	(26)	5,512	5,608
Cost of sales and services	(1,486)	(1,511)	(1,585)	(1,518)	(3,071)	(3,029)	(12)	17	(3,059)	(3,012)
Gross profit	1,159	1,324	1,305	1,281	2,464	2,605	(11)	(9)	2,453	2,596
Unallocated income (expenses):										
Other income	476	451	90	29	566	480	(334)	(347)	232	133
Selling expenses	(128)	(127)	(120)	(115)	(248)	(242)	47	49	(201)	(193)
Administrative expenses	(608)	(630)	(1,051)	(1,010)	(1,659)	(1,640)	255	251	(1,404)	(1,389)
Share of profit from investment in an associate and a joint venture	8	21	-	-	8	21	-	-	8	21
Finance cost	(101)	(96)	-	-	(101)	(96)	47	47	(54)	(49)
Income tax expenses	(130)	(154)	(29)	(28)	(159)	(182)	-	-	(159)	(182)
Profit for the period	676	789	195	157	871	946	4	(9)	875	937

17. Commitments and contingent liabilities

17.1 Capital commitments

As at 31 March 2019 and 31 December 2018, the Company and its subsidiaries had capital commitments as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Hotel construction and renovation	254.4	294.0	12.9	41.4
Machinery and equipment	17.6	22.7	-	-
Leasehold improvement	38.9	10.8	-	-
Total	310.9	327.5	12.9	41.4

17.2 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 31 March 2019 and 31 December 2018, 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	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Payable:				
In up to 1 year	681.0	665.9	-	-
In over 1 year and up to 5 years	995.0	965.3	-	-
In over 5 years	3,073.8	3,177.3	-	-

17.3 Guarantees

17.3.1 Bank guarantees

As at 31 March 2019 and 31 December 2018, 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:

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Guarantees for rental	77	76	59	59
Guarantee electricity use, among others	55	55	12	12
Total	132	131	71	71

17.3.2 Related parties guarantees

The Company

As at 31 March 2019, 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 2,423 million (31 December 2018: Baht 2,462 million). As at 31 March 2019, the outstanding balance of these loans are Baht 1,096 million (31 December 2018: Baht 1,252 million).

Subsidiary

As at 31 March 2019, 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 2018: Baht 55.8 million).

17.4 Other service commitments

A subsidiary entered into agreement with a company who manufactures carbonated beverage in Thailand. The subsidiary will receive supporting fund if the subsidiary follows conditions and restrictions stated in the agreement. The supporting fund received will be recorded as “deferred income” in the statement of financial position.

17.5 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 31 March 2019, no provision for doubtful accounts and no provision for liabilities have been made in set aside in the financial statements.

18. Fair value hierarchy

As of 31 March 2019 and 31 December 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	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Financial assets measured at fair value				
Investments available-for-sale securities -				
debt instruments	1	1	-	-

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

19. Events after the reporting period

19.1 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 58 million (The Company only: Baht 17 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the statement of comprehensive income of the period in which the law is effective, which is the second quarter of 2019.

19.2 Dividends

At the Annual General Meeting of the shareholders of the Company held on 25 April 2019, the shareholders approved the dividend payment of Baht 0.65 per share, totaling Baht 877.5 million. The dividend will be paid to shareholders on 24 May 2019.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 May 2019.