

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2013



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Independent Auditor's Report

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes and Note 5 to the financial statements regarding the change in accounting policy for revalued property, plant and equipment. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes and accounting policy for revalued property, plant and equipment. My opinion is not qualified in respect of this matter.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 21 February 2014

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	8	370,828,298	571,864,369	478,996,835	17,182,951	53,398,241	26,153,457
Current investment - short-term fixed deposit		10,424,865	-	-	-	-	-
Trade and other receivables	10	579,009,676	623,115,792	479,336,444	205,710,145	183,353,889	187,413,647
Inventories	12	123,132,426	133,423,556	144,839,892	-	104,634	224,390
Property development cost	13	3,414,814,251	2,387,510,437	2,631,454,014	245,054,436	245,342,887	276,087,447
Other current assets	14	204,771,602	192,237,232	195,934,056	26,924,539	30,969,734	16,031,714
Total current assets		4,702,981,118	3,808,151,386	3,930,561,341	494,872,071	513,169,386	605,910,655
Non-current assets							
Restricted deposits at financial institution	9	41,189	-	-	-	-	-
Long-term fixed deposit		2,000,000	2,000,000	-	2,000,000	2,000,000	-
Long-term trade accounts receivable	15	144,442,559	160,078,416	173,031,673	14,063,349	24,890,227	34,869,249
Investments in subsidiaries	16	-	-	-	3,479,025,077	3,479,025,077	3,408,568,104
Investments in associates	17	456,568,175	516,305,462	534,049,159	-	-	-
Other long-term investments	18	851,652,389	544,332,731	318,949,756	245,287,796	-	-
Long-term loans to subsidiaries	11	-	-	-	1,948,000,629	1,690,900,629	1,628,350,629
Long-term loans to employees	11	183,034	2,093,266	2,819,177	23,325	162,966	1,720,852
Investment properties	19	1,100,835,058	1,076,544,000	800,340,000	168,997,818	169,914,661	81,577,940
Property, plant and equipment	20	10,207,075,537	12,819,404,762	13,026,583,106	50,878,389	174,392,630	256,444,342
Deferred tax assets	32	81,588,647	86,823,203	59,239,597	-	-	-
Goodwill	16	407,903,881	407,903,881	407,903,881	-	-	-
Leasehold rights	21	22,912,903	24,765,903	26,666,372	-	-	-
Other non-current assets		69,513,824	69,944,080	70,193,196	3,041,643	3,057,237	3,132,194
Total non-current assets		13,344,517,197	15,710,195,694	15,419,775,917	5,911,318,026	5,644,343,427	6,614,653,310
Total assets		18,047,498,315	19,518,347,080	19,350,337,258	6,406,190,097	6,057,512,812	6,120,563,965

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
	Note	2013	2012	2012	2013	2012	2012
			(Restated)			(Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	22	170,000,000	-	710,000,000	150,000,000	-	410,000,000
Trade and other payables	23	608,574,194	690,934,721	712,363,410	51,223,896	60,800,673	133,217,288
Current portion of long-term loans from financial institutions	25	457,000,000	422,950,743	356,523,000	70,000,000	70,000,000	70,000,000
Income tax payable		13,197,834	12,530,804	44,431,474	-	-	-
Advance received from customers		514,413,237	366,003,785	377,740,304	263,506	23,262,951	142,796,414
Other current liabilities	24	119,137,926	129,056,513	139,752,814	7,487,798	5,807,590	8,985,575
Total current liabilities		1,882,323,191	1,611,476,566	2,340,811,002	278,975,200	159,971,214	764,999,277
Non-current liabilities							
Long-term loans from subsidiaries	11	-	-	-	673,850,000	669,650,000	11,200,000
Long-term loans from financial institutions - net of current portion	25	2,513,325,819	2,974,325,820	2,134,280,743	105,000,000	175,000,000	245,000,000
Provision for long-term employee benefits	26	64,400,732	53,462,110	120,857,009	11,668,911	9,684,414	33,596,649
Deferred tax liabilities	32	2,097,827,508	2,372,356,289	2,315,673,971	153,361,368	79,245,863	66,947,098
Other non-current liabilities		97,628,519	91,163,057	79,455,379	7,888,729	11,809,524	11,488,688
Total non-current liabilities		4,783,182,578	5,491,307,286	4,660,267,102	951,769,006	945,589,801	368,232,313
Total liabilities		6,665,505,769	7,102,783,852	6,991,078,104	1,230,744,206	1,105,561,015	1,133,231,590
Shareholders' equity							
Share capital							
Registered							
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up							
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	27	568,130,588	568,130,588	568,130,588	-	-	-
Retained earnings							
Appropriated - statutory reserve	29	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		2,521,328,953	2,441,089,082	2,376,797,731	926,195,591	865,403,590	907,343,295
Other components of shareholders' equity		4,091,793,242	5,192,276,888	5,189,890,577	308,287,348	145,585,257	139,026,130
Equity attributable to owner of the Company		11,122,215,733	12,142,459,508	12,075,781,846	5,176,445,889	4,951,951,797	4,987,332,375
Equity attributable to non-controlling interests of the subsidiaries		279,776,813	273,103,720	283,477,308	-	-	-
Total shareholders' equity		11,401,992,546	12,415,563,228	12,359,269,154	5,176,445,889	4,951,951,797	4,987,332,375
Total liabilities and shareholders' equity		18,047,498,315	19,518,347,080	19,350,337,258	6,408,190,097	6,057,512,812	6,120,563,965

The accompanying notes are an integral part of the financial statements.

Directors

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Revenue					
Revenue from hotel operations		3,428,458,199	3,164,823,205	7,531,600	34,478,700
Revenue from property development operations		744,416,413	892,571,753	224,443,942	73,323,397
Revenue from office rental operations		88,542,903	92,397,575	40,632,272	42,770,398
Other income	30	91,017,516	149,486,910	237,761,550	168,189,520
Total revenue		4,352,435,031	4,299,279,443	510,369,364	318,762,015
Expenses					
Cost of hotel operations		1,687,284,556	1,539,343,133	331,660	8,129,556
Cost of property development operations		337,427,604	427,179,985	112,188,787	38,151,898
Cost of office rental operations		43,265,799	39,252,860	7,308,059	6,981,229
Selling expenses		430,518,638	399,269,560	17,179,411	11,117,136
Administrative expenses		1,695,686,105	1,611,147,043	225,328,750	257,174,571
Reversal of loss on impairment of investment	18	(245,287,794)	-	(31,161,043)	-
Total expenses		3,948,894,908	4,016,192,581	331,175,624	321,554,390
Profit (loss) before share of loss from Investment					
In associate, finance cost and income tax expenses		403,540,123	283,086,862	179,193,740	(2,792,375)
Share of loss from investment in associate	17	(21,065,652)	(5,427,759)	-	-
Profit (loss) before finance cost and income tax expenses		382,474,471	277,659,103	179,193,740	(2,792,375)
Finance cost		(180,457,409)	(179,887,551)	(59,913,373)	(40,082,794)
Profit (loss) before income tax expenses		202,017,062	97,771,552	119,280,367	(42,875,169)
Income tax expenses	32	(85,378,946)	(61,126,835)	(34,282,728)	(8,340,094)
Profit (loss) for the year		116,638,116	36,644,717	84,997,639	(51,215,263)
Profit (loss) attributable to:					
Equity holders of the Company		111,788,555	19,856,929	84,997,639	(51,215,263)
Non-controlling interests of the subsidiaries		4,849,561	16,787,788		
		116,638,116	36,644,717		
Basic earnings per share	33				
Profit (loss) attributable to equity holders of the Company		0.67	0.12	0.51	(0.31)

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Profit (loss) for the year		116,638,116	36,644,717	84,997,639	(51,215,263)
Other comprehensive income:					
Exchange differences on translation of					
financial statements in foreign currency		62,243,239	(6,493,235)	-	-
Actuarial gain (loss) of post-employment benefits,					
net of income tax	26	(10,714,023)	36,851,607	(3,370,977)	9,275,558
Unrealised gain on available-for-sales security,					
net of income tax	18	-	-	171,301,401	-
Addition (reversal) of revaluation surplus on assets,					
net of income tax	28	(1,160,903,353)	16,800,000	(8,599,310)	6,559,127
Other comprehensive income (loss) for the year		(1,109,374,137)	47,158,372	159,331,114	15,834,685
Total comprehensive income (loss) for the year		(992,736,021)	83,803,089	244,328,753	(35,380,578)
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(999,409,114)	66,677,662	244,328,753	(35,380,578)
Non-controlling interests of the subsidiaries		6,673,093	17,125,427		
		(992,736,021)	83,803,089		

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to the owners of the Company										
	Other components of shareholders' equity										Equity attributable to non-controlling interests of the subsidiaries
	Other comprehensive income					Total other components of shareholders' equity		Total equity attributable to shareholders of the Company	Total shareholders' equity		
Issued and fully paid-up share capital	Share premium	Capital reserve	Appropriated - statutory reserve	Retained earnings	Unappropriated	Revaluation surplus on assets	Equity attributable to non-controlling interests of the subsidiaries				
Balance as at 31 December 2011 - as previously reported	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,447,854,085	102,986,614	6,246,415,371	6,349,401,985	14,306,349,608	282,744,077	14,589,093,685
Cumulative effect of changes in accounting policies for:											
- income taxes (Note 4)	-	-	-	-	(519,875,569)	-	(1,710,592,193)	(1,710,592,193)	(2,230,567,762)	793,231	(2,229,834,531)
- revalued property, plant and equipment (Note 5)	-	-	-	-	(551,060,785)	-	551,060,785	551,060,785	-	-	-
Balance as at 31 December 2011 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,376,797,731	102,986,614	5,086,903,963	5,189,890,577	12,075,781,846	283,477,306	12,359,259,154
Reversal of revaluation surplus on disposal of assets	-	-	-	-	7,582,818	-	(7,582,818)	(7,582,818)	-	-	-
Dividend paid to non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(27,499,015)	(27,499,015)
Total comprehensive income (loss) for the year (restated)	-	-	-	-	-	(6,830,871)	16,800,000	9,969,129	66,677,662	17,125,427	83,803,089
Balance as at 31 December 2012 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,441,089,082	96,155,743	5,096,121,145	5,192,276,888	12,142,459,508	273,103,720	12,415,563,228
Balance as at 31 December 2012 - as previously reported	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,544,789,796	96,155,743	6,251,729,047	6,347,884,790	14,401,768,124	272,726,357	14,674,496,481
Cumulative effect of changes in accounting policies for:											
- income taxes (Note 4)	-	-	-	-	(546,412,130)	-	(1,712,896,486)	(1,712,896,486)	(2,259,308,616)	375,363	(2,258,933,253)
- revalued property, plant and equipment (Note 5)	-	-	-	-	(557,288,584)	-	557,288,584	557,288,584	-	-	-
Balance as at 31 December 2012 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,441,089,082	96,155,743	5,096,121,145	5,192,276,888	12,142,459,508	273,103,720	12,415,563,228
Dividend paid (Note 35)	-	-	-	-	(20,834,661)	-	-	-	(20,834,661)	-	(20,834,661)
Total comprehensive income (loss) for the year	-	-	-	-	101,074,532	60,419,707	(1,160,903,353)	(1,100,483,646)	(998,409,114)	6,673,093	(992,736,021)
Balance as at 31 December 2013	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,521,328,953	156,575,450	3,935,217,792	4,091,793,242	11,122,215,733	279,776,813	11,401,992,546

The accompanying notes are an integral part of the financial statements

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

	Separate financial statements							(Unit: Baht)	
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity				
			Appropriated - Statutory reserve	Unappropriated	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Total other components of shareholders' equity		
									Other comprehensive income
Balance as at 31 December 2011 - as previously reported	1,666,827,010	2,062,460,582	211,675,358	939,533,860	173,782,663	-	173,782,663	Total shareholders' equity	5,054,279,473
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	(32,190,565)	(34,756,533)	-	(34,756,533)		(66,947,098)
Balance as at 31 December 2011 - as restated	1,666,827,010	2,062,460,582	211,675,358	907,343,295	139,026,130	-	139,026,130		4,987,332,375
Total comprehensive income (loss) for the year (restated)	-	-	-	(41,939,705)	6,559,127	-	6,559,127		(35,380,578)
Balance as at 31 December 2012 - as restated	1,666,827,010	2,062,460,582	211,675,358	865,403,590	145,585,257	-	145,585,257		4,951,951,797
Balance as at 31 December 2012 - as previously reported	1,666,827,010	2,062,460,582	211,675,358	908,253,138	181,981,572	-	181,981,572		5,031,197,660
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	(42,849,548)	(36,396,315)	-	(36,396,315)		(79,245,863)
Balance as at 31 December 2012 - as restated	1,666,827,010	2,062,460,582	211,675,358	865,403,590	145,585,257	-	145,585,257		4,951,951,797
Dividend paid (Note 35)	-	-	-	(20,834,661)	-	-	-		(20,834,661)
Total comprehensive income (loss) for the year	-	-	-	81,626,662	(8,599,310)	171,301,401	162,702,091		244,328,753
Balance as at 31 December 2013	1,666,827,010	2,062,460,582	211,675,358	926,195,591	136,985,947	171,301,401	308,287,348		5,175,445,889

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		
Cash flows from operating activities				
Profit (loss) before income tax expenses	202,017,062	97,771,552	119,280,367	(42,875,169)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	286,246,559	292,209,092	5,779,228	8,086,075
Amortisation of leasehold rights	2,558,382	2,591,415	-	-
Allowance for doubtful accounts (reversal)	7,311,339	3,244,158	-	(180,213)
Reversal of reduction of inventory to net realisable value	(1,244,131)	(793,732)	-	-
Share of loss from investment in associate	21,065,852	5,427,759	-	-
Loss (gain) on change in fair value of investment properties	(24,091,059)	(81,204,000)	916,843	(12,204,000)
Loss (gain) on sales of property, plant and equipment	118,918	(1,501,034)	596,031	(263,779)
Write off property, plant and equipment	24,250,150	1,836,084	4,016,313	1,606,371
Dividend income from other long-term investment	(12,775,406)	-	(12,775,406)	-
Provision for long-term employee benefits (reversal)	16,314,581	(2,097,457)	1,552,327	(975,288)
Reversal of loss on impairment of property, plant and equipment	-	-	(7,356,193)	-
Reversal of loss on impairment of investment	(245,287,794)	-	(31,161,043)	-
Interest income	(26,241,453)	(34,019,414)	(133,789,932)	(120,327,540)
Interest expenses	180,457,409	179,887,551	59,913,373	40,082,794
Profit (loss) from operating activities before changes in operating assets and liabilities	431,700,209	463,351,974	6,971,908	(127,050,749)
Operating assets (increase) decrease				
Trade and other receivables	(63,677,854)	(46,760,095)	7,052,741	33,612,696
Inventories	11,535,261	12,210,168	104,634	119,756
Property development cost	52,762,084	346,714,421	111,717,451	37,256,439
Other current assets	(7,544,109)	6,692,417	10,270,143	(9,917,957)
Long-term trade accounts receivable	15,635,857	12,953,257	10,826,878	9,969,022
Other non-current assets	430,256	249,116	15,594	74,957
Operating liabilities increase (decrease)				
Trade and other payables	(82,911,506)	(20,816,220)	(11,199,888)	(73,469,792)
Advance received from customers	158,409,452	(21,736,519)	(22,999,445)	(119,533,463)
Other current liabilities	(8,776,024)	(10,696,302)	1,712,951	(3,178,854)
Provision for long-term employee benefits	(28,768,488)	(19,232,933)	(3,981,552)	(11,142,500)
Other non-current liabilities	6,465,462	11,707,678	(3,920,795)	320,958
Cash flows from (used in) operating activities	485,260,800	734,636,962	106,570,620	(262,939,487)
Cash received for interest income	25,714,083	33,756,002	104,380,931	90,954,813
Cash paid for interest expenses	(179,906,430)	(180,500,019)	(58,390,259)	(38,929,616)
Cash paid for income tax	(66,084,998)	(80,337,279)	(6,224,949)	(5,020,063)
Net cash flows from (used in) operating activities	264,983,255	507,555,666	146,336,343	(215,934,353)

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012
Cash flows from Investing activities				
Increase in restricted deposits at financial institution	(41,189)	-	-	-
Increase in current investment - short-term fixed deposit	(10,424,865)	-	-	-
Increase in long-term fixed deposit	-	(2,000,000)	-	(2,000,000)
Cash paid for purchase of investments in subsidiaries	-	-	-	(70,456,973)
Cash paid for purchase of other long-term investment	(62,031,864)	(225,382,975)	-	-
Dividend received from investment in associate	85,024,714	-	-	-
Dividend received from other long-term investment	12,775,406	-	12,775,406	-
Cash received from long-term loans to subsidiaries	-	-	763,700,000	1,090,200,000
Cash paid for long-term loans to subsidiaries	-	-	(1,020,800,000)	(952,750,000)
Decrease in long-term loans to employees	1,910,222	725,921	139,641	1,557,886
Cash received from sales of property, plant and equipment	1,177,667	2,191,109	7,297,531	902
Cash paid for acquisition of property, plant and equipment	(231,909,035)	(363,823,915)	(9,029,550)	(1,822,678)
Net cash flow from (used in) investing activities	(203,518,944)	(588,289,860)	(245,916,972)	64,729,137
Cash flows from financing activities				
Increase (decrease) in short-term loans from				
financial institution	170,000,000	(710,000,000)	150,000,000	(410,000,000)
Draw down of long-term loans from subsidiaries	-	-	738,500,000	955,450,000
Repayment of long-term loans from subsidiaries	-	-	(734,300,000)	(297,000,000)
Draw down of long-term loans from financial institutions	103,500,000	1,285,308,500	-	-
Repayment of long-term loans from financial institutions	(530,450,744)	(378,835,680)	(70,000,000)	(70,000,000)
Payment of dividends	(20,834,661)	(27,499,015)	(20,834,661)	-
Net cash flows from (used in) financing activities	(277,785,405)	168,973,805	63,365,339	178,450,000
Net exchange differences on translation of financial statements in foreign currency	15,285,023	4,627,923	-	-
Net increase (decrease) in cash and cash equivalents	(201,036,071)	92,867,534	(36,215,290)	27,244,784
Cash and cash equivalents at beginning of year	571,864,369	478,996,835	53,398,241	26,153,457
Cash and cash equivalents at end of year	370,828,298	571,864,369	17,182,951	53,398,241

Supplemental cash flows information

Non-cash items

Transferred property, plant and equipment to investment properties

- 195,000,000 - 76,132,721

Transferred property development cost to property, plant and equipment

72,127,546 - - -

Transferred property, plant and equipment to property development cost

1,152,193,444 93,292,321 111,429,000 6,511,879

Addition (reversal) of revaluation surplus on assets

(1,451,129,189) 21,000,000 (10,749,137) 8,198,909

Increase (decrease) in exchange differences on translation of financial statements in foreign currency of associate

46,353,079 (12,315,938) - -

Reversal of revaluation surplus on disposal of assets

- 9,478,523 - -

Actuarial gain (loss) of post-employment benefits

(13,392,529) 46,064,509 (4,213,722) 11,594,447

The accompanying notes are an integral part of the financial statements.

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

Laguna Resorts & Hotels Public Company Limited ("the Company", "LRH") is a public company incorporated and domiciled in Thailand. Its major shareholder is Banyan Tree Holdings Limited, which was incorporated in Singapore.

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are three hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket and Outrigger Laguna Phuket Resort and Villas, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating a golf club (Laguna Phuket Golf Club), sales of merchandise (Banyan Tree Gallery), office and shops rental and sale of holiday club memberships.

The Company and some of its subsidiaries' registered address is 21/11, 21/12B, 21/13 and 21/68 Thai Wah Tower I, 6th and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013 %	2012 %
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited ⁽¹⁾	Hotel operations and property development	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	94.9	94.9
Laguna (3) Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited ⁽²⁾	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Hotel operations	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pal Samart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Resort Development Limited	Property development	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Development Company Limited	Property development	Thailand	100.0	100.0
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Owns land on which a hotel staff dormitory is situated	Thailand	100.0	100.0
Bangtao (4) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			%	%
<u>Subsidiaries held through Laguna Grande Limited (Continued)</u>				
Bangtao Development Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations	Thailand	100.0	100.0
Laguna Central Limited	Dormant	Thailand	85.0	85.0
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u>				
Lijiang Banyan Tree Gallery Trading Co., Ltd	Sale of merchandise	The People's Republic of China	51.0	51.0
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

- (1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through TWR - Holdings Limited.
- (2) Laguna Services Company Limited is held by the Company and 2 subsidiaries.

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the income of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

- (b) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (d) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- (e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
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Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
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TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
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TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
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Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014

		<u>Effective date</u>
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of changes in accounting policy due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the change described in Note 3 to their significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position, the income statements and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
Statements of financial position						
Increase in deferred tax assets	81,589	86,823	59,240	-	-	-
Increase in goodwill	26,600	26,600	26,600	-	-	-
Increase in deferred tax liabilities	2,097,828	2,372,356	2,315,674	153,361	79,246	66,947
Decrease in unappropriated retained earnings	(566,913)	(546,412)	(519,975)	(76,289)	(42,849)	(32,191)
Decrease in other components of shareholders' equity						
- revaluation surplus on assets	(1,422,671)	(1,712,896)	(1,710,582)	(34,247)	(36,397)	(34,756)
- unrealised gain on available-for-sales security	-	-	-	(42,825)	-	-
Increase (decrease) in equity attributable to non-controlling interests of the subsidiaries	(55)	375	733	-	-	-

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Income statements:				
Increase in income tax expenses	(23,617)	(15,666)	(34,283)	(8,340)
Decrease in profit attributable to equity holders of the				
Company	(23,187)	(15,328)	(34,283)	(8,340)
Decrease in profit attributable to non-controlling interest				
of the subsidiaries	(430)	(358)	-	-
Decrease in basic earnings per share (Baht)	(0.14)	(0.09)	(0.21)	(0.05)
Statements of comprehensive Income:				
Decrease in actuarial (gain) loss of post-employment				
benefits	2,679	(9,213)	843	(2,319)

5. Cumulative effect of change in accounting policy for revalued property, plant and equipment

During the current year, the Company and its subsidiaries changed its accounting policy of depreciation recording of its property, plant and equipment ("PPE"), which presents on a revaluation basis, previously only the depreciation calculated on the original cost of PPE was charged to the income statement, as permitted by the relevant notification of the Federation of Accounting Professions, to charge depreciation on the total revalued amount to its income statement as required by TAS 16 (revised 2009) *Property, plant and equipment*. The Company and its subsidiaries changed this accounting policy in the current year and restated the prior year's financial statements, presented for comparative purposes, as though the depreciation charged to the income statement was initially calculated on the revalued amount of PPE.

The cumulative effect of the change in accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the income statements are summarised below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	As at	As at	As at
	31 December	31 December	1 January
	2013	2012	2012

Statements of financial position

Increase in other components of shareholders' equity - revaluation surplus on assets	561,486	557,289	551,081
Decrease in unappropriated retained earnings	(561,486)	(557,289)	(551,081)

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	Consolidated financial statements	
	2013	2012

Income statements

Increase in cost of hotel operations	(4,197)	(6,227)
Decrease in profit attributable to equity holders of the Company	(4,179)	(6,207)
Decrease in profit attributable to non-controlling interest of the subsidiaries	(18)	(20)
Decrease in basic earnings per share (Baht)	(0.03)	(0.04)

6. Significant accounting policies

6.1 Revenue recognition

(a) Revenue from hotel operations

- Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.
- Revenue from sales of merchandise (Gallery operation) is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

(b) Revenue from property development operations

- Revenue from the real estate sales

Revenue from sales of real estate is recognised when significant risks and rewards of ownership are transferred to the buyer, and the Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where properties are sold to non-Thais, the land is sold under a long-term lease agreement comprising an initial term of thirty years with an option to extend for two or three successive periods of thirty years each, without any additional consideration to be paid in addition to the sum of the rental paid for the initial lease term. These long-term lease agreements also contain a further option that provides if Thai law permits non-Thais to own land on a freehold basis, the lessor shall consent to sell the land to the lessee in return for a token payment. Consequently, long-term leases are recognised as sales of land for accounting purposes in accordance with the principle of applying substance over form.

- Revenue from sales of furniture

Revenue from sales of furniture is recognised when furniture is completely and satisfactorily installed.

- Revenue from sale of holiday club memberships

Revenue from the sale of holiday club memberships is wholly recognised when a legally binding contract has been signed and at least fifty percent of the contract price has been received.

- (c) Revenue from rental and services

Rental income is recognised over the lease period. Service revenue is recognised when services have been rendered taking into account the stage of completion.

- (d) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

- (e) Dividends

Dividends are recognised when the right to receive the dividends is established.

6.2 Cost of property development

In determining the cost of property development sold, the anticipated total development cost (after recognising the cost incurred to date) are attributed to units already sold and then recognised as cost in profit or loss.

6.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

6.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

6.5 Property development cost

Property development cost is valued at the lower of cost and net realisable value. Cost comprises cost of land, design fee, infrastructure, construction and related interest.

6.6 Inventories

Inventories are valued at the lower of cost and net realisable value, cost being determined on either the first-in, first-out or the weighted average basis.

6.7 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

6.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

6.9 Property, plant and equipment/Depreciation

Land is stated at its revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. As a policy, the revaluation will be performed every three years. If within that period, there are factors which may cause significant changes in the value of assets, the revaluation will be performed in that year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same assets.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10 - 50	years
Machinery and equipment	5 - 15	years
Furniture, fixtures and motor vehicles	5	years
Operating and office equipment	3 - 5	years
Golf course, land improvement and external work	5 - 10	years

Depreciation is included in determining earnings.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised. The revaluation surplus presented in other components of shareholders' equity has been directly transferred to retained earnings on retirement or disposal of the assets.

6.10 Leasehold rights and amortisation

Leasehold rights of hotel units are stated at cost less accumulated amortisation and any impairment losses (if any). Amortisation of leasehold rights is calculated by reference to their cost on a straight-line basis over 20 years.

The amortisation is included in determining income.

6.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

6.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

6.13 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items on each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

6.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefits, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income and other long-term benefits are recognised immediately in profit or loss.

The defined benefits liability and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised actuarial gains or losses.

6.17 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

7. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 19.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by independent valuer using the Market Approach for land, the Replacement Cost Approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that the recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and subsidiaries' management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Cash	6,274	6,667	182	194
Bank deposits	364,554	565,197	17,001	53,204
Total	370,828	571,864	17,183	53,398

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interest rates between 0.50% and 1.60% per annum (2012: between 0.625% and 0.75% per annum).

9. Restricted deposits at financial institution

These represent deposits pledged with a financial institution as security for bank guarantee facilities of a subsidiary.

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	321,046	286,227	1,890	3,386
Less: Allowance for doubtful accounts	(12,308)	(12,740)	-	(51)
Trade accounts receivable - hotel operations, net	308,738	273,487	1,890	3,335
Trade accounts receivable - sales of property				
- Installments due	22,891	2,439	11,573	-
Current portion of long-term trade accounts receivable (Note 15)	81,670	90,680	3,246	25,584
Trade accounts receivable - sales of property, net	104,561	93,119	14,819	25,584
Trade accounts receivable - sales of holiday club memberships				
- Installments due	10,041	11,565	-	-
Current portion of long-term trade accounts receivable (Note 15)	29,284	32,961	-	-
Total	39,325	44,526	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club memberships, net	36,725	41,926	-	-
Trade accounts receivable - net	450,024	408,532	16,709	28,919

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Other receivables				
Amounts due from related parties (Note 11)	53,904	64,075	155,471	121,659
Other receivables	30,375	8,439	1,854	4,530
Insurance claim receivable	327	88	-	-
Accrued other income	13,007	3,557	331	2,503
Interest receivable	194	666	166	550
Accrued rental	31,179	37,759	31,179	25,193
Total other receivables	128,986	114,584	189,001	154,435
Trade and other receivables, net	579,010	523,116	205,710	183,354

The balances of trade accounts receivable - hotel operations as at 31 December 2013 and 2012, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Age of receivables				
Not yet due	143,017	131,079	244	1,304
Past due				
Up to 30 days	82,865	101,983	616	1,234
31 - 60 days	22,343	18,448	493	585
61 - 90 days	8,760	5,698	338	123
91 - 120 days	11,037	6,690	199	89
Over 120 days	53,024	22,329	-	51
Total	321,046	286,227	1,890	3,386
Less: Allowance for doubtful debts	(12,308)	(12,740)	-	(51)
Trade accounts receivable - hotel operations, net	308,738	273,487	1,890	3,335

The balances of installments due of trade accounts receivable - sales of property as at 31 December 2013 and 2012, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Age of receivables				
Not yet due	22,891	2,439	11,573	-
Trade accounts receivable - sales of property				
- installment due, net	22,891	2,439	11,573	-

The balances of installments due of trade accounts receivable - holiday club memberships as at 31 December 2013 and 2012, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
<u>Age of receivables</u>				
Past due				
Up to 30 days	3,501	4,970	-	-
31 - 60 days	610	659	-	-
61 - 90 days	497	417	-	-
91 - 120 days	465	444	-	-
Over 120 days	4,968	5,075	-	-
Total	10,041	11,565	-	-
Less: Allowance for doubtful debts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club membership - installment due, net	7,441	8,965	-	-

11. Related party transactions

During the years, 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: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2013	2012	2013	2012	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Inter resort payments	-	-	6	3	(1) agreed basis
Estate service expenses	-	-	1	3	(2) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	3	6	(3) agreed basis
Interest income	-	-	128	110	(5) agreement
Interest expenses	-	-	46	12	(5) agreement
Management fee income	-	-	87	2	(7), (19) agreement
Purchase of gallery vouchers	-	-	-	1	(8) agreed basis
Reimbursement receipts	-	-	11	33	(11) agreed basis
Reimbursement payments	-	-	26	26	(11) agreed basis
Rental and service income	-	-	12	12	(12)(i), (iii) agreement
Rental and service expenses	-	-	11	14	(12)(iv), (v) agreement
Resort service expenses	-	-	7	10	(14) agreed basis

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2013	2012	2013	2012	
<u>Transactions with subsidiary companies</u> (continued)					
(eliminated from the consolidated financial statements)					
Sale of assets	-	-	7	-	At net book value
Dividend received	-	-	-	30	As declared
<u>Transactions with associated companies</u>					
Inter resort receipts	3	9	-	-	(1) agreed basis
Reimbursement receipts	-	5	-	-	(11) agreed basis
Reimbursement payments	1	1	-	-	(11) agreed basis
Rental and service expenses	1	1	-	-	(12)(i) agreement
Sale of goods	2	-	-	-	(9) agreed basis
Dividend received	85	-	-	-	As declared
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	100	98	-	-	(1) agreed basis
Management fee income	3	2	1	1	(7), (17), (18) agreement
Management fee expenses	272	261	-	-	(6), (15), (16) agreement
Purchase of spa and gallery vouchers	9	6	3	2	(8) agreed basis
Sale of goods	35	48	-	-	(9) agreed basis
Reimbursement receipts	63	56	3	4	(11) agreed basis
Reimbursement payments	59	74	3	6	(11) agreed basis
Rental and service income	36	39	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	1	1	-	-	(12)(viii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	8	8	-	-	(14) agreed basis
Spa service expenses	1	1	-	-	(20) agreed basis
Training charges	9	13	1	7	(10) agreed basis
Sale of gallery vouchers	4	8	-	-	(8) agreed basis
Dividend paid	-	28	-	-	As declared
<u>Transactions with management and directors</u>					
Interest income	1	3	1	2	(4) agreement

The nature, pricing policy and agreements relating to the above transactions are summarised as follows:

- (1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel at which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort. On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and handling charges are not charged with the exception of credit card whereby commission is charged ranging from 2% to 5% of the revenue and are based on the commissions charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok and Banyan Tree Lijiang primarily for treatments at the spa and goods purchased at the shops.
- (2) Estate maintenance and service charges by Laguna Grande Limited in respect of providing services such as pool cleaning service, gardening service, etc to residential projects in Laguna Phuket which charges are at market price.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (4) Financial assistance provided to employees for acquisition of a property developed by the Company or its subsidiaries. A staff advance of 10% of selling price of a property is funded by the employee's employer and is repayable by the employee over a period of 5 years with monthly repayments consisting of both interest and principal. A loan by the developer equal to 80% of selling price is to be settled in full with the property developer within 5 years of the property completion. Both advance and loan are subject to interest at the group's cost of funds plus 0.5% per annum.
- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The Baht loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.

- (6) The terms of the operating agreements are disclosed in Note 36 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

Royalty fee paid for the use of "Banyan Tree" and "Angsana" trademarks and all other proprietary rights associated with it.

- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited) pays a royalty fee of 2% of total revenue.
- (ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.
- (iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte. Ltd. pay a royalty fee of 1% of total revenue.

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of the Banyan Tree Phuket pays a technical fee of 7.5% of gross operating profit.
- (v) The Technical Assistance Agreement to conduct the golf business pays a basic technical fee of 3% of total revenue and an incentive fee of 10% of gross operating profit which was terminated since August 2013.
- (vi) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit.
- (vii) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana corporate head office shall be charged as follows:
 - Group marketing services shared on a group basis are based on 1.75% of actual hotel revenues plus a share of operating cost of Regional Marketing offices.
 - Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

All management fees are consistent with industry practice and the sharing of group marketing costs incurred by Banyan Tree Phuket, Banyan Tree Bangkok and Angsana Laguna Phuket are the reimbursement of costs benefiting each of the hotels. As a result, these transactions are on normal commercial terms and conditions.

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
 - (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 30% discount to the retail price depending on the volume purchased.
 - (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus 20% to 30% (2012: 35% to 55%) margin.
- (10) Training charges by Banyan Tree Resorts & Spas (Thailand) Company Limited and Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed with no handling costs applied.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in 12(i).
 - (i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

<u>Payee</u>	<u>Payer</u>	<u>Rental Period</u>	<u>Expiry Date</u>
BGL	BTRS(T)	30 years	November 2041
LBTL	BTRS(T)	10 years	December 2015
BGL : Bangtao Grande Limited			
BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited			
LBTL : Laguna Banyan Tree Limited			

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store are Baht 1,105 per square metre per month.
 - (iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.
 - (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and II. The charges include rental and related service fees which are at market rate.
 - (v) Rental of land and lagoon on which hotel and hotel - related operations are located are Baht 113,908 and Baht 11,391 per rai per annum respectively.
 - (vi) Service income from rental of Banyan Tree Management Academy is at Baht 125,000 per month.
 - (vii) Rental of land on which Spa premises are located is on the basis of Baht 0.7 million per annum.
 - (viii) Rental and service fee for Banyan Tree Gallery (Singapore)'s office, monthly rental is SGD 34.56 per square metre.
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.
- (14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:
- Water supply : at the determined price and actual usage
 - Laundry charge : at the price based on cost plus a certain margin
 - Common area services, : based on actual cost
transportation charges
 - Staff buses : at the price based on cost plus a certain margin
 - Marketing fee : at the rate of 1% of each operations' actual
revenue
 - Community service : based on actual cost
- (15) This relates to architectural and interior design services. The fees are based on construction cost at progressive rates depending on the type of constructions and services provided. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

- (16) This related to technical service for pre-construction and pre-opening of Angsana Laguna Phuket in 2011 and 2012, totaling USD 0.5 million.
- (17) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources. The monthly fee is Baht 55,000.
- (18) The Technical Assistance Agreement of Laguna Excursions Limited is providing management services and granting the use of leading brand for the recreation department of Banyan Tree Bintan and Angsana Bintan hotels. The technical service fees include a technical services fee at rate of 12.5% of recreation revenue, an incentive fee at the rate of 31% of earnings before interest, tax, depreciation and amortisation, and a royalty fee at the rate of 5% of revenue.
- (19) The Company charges a management fee to its subsidiaries for providing centralized duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charge by the working hours and project management service is charged as Note (7) above.
- (20) This relates to the purchase of spa vouchers by Laguna Holiday Club Limited from Banyan Tree Resorts & Spas (Thailand) Company Limited, for using as a marketing tool, which is priced at a 20% to 40% discount to the Spa price list.

The Company has contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of its subsidiaries as follows:

	(Unit: Million Baht)	
	<u>31 December 2013</u>	<u>31 December 2012</u>
Overdrafts and bank guarantee facilities	106	106

Subsidiaries have contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of the Company and other subsidiaries as follows:

	(Unit: Million Baht)	
	<u>31 December 2013</u>	<u>31 December 2012</u>
Short-term loan facilities	170	170
Overdrafts and bank guarantee facilities	10	10

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Amounts due from related parties				
Subsidiaries	-	-	153,156	116,830
Associated companies	594	9,601	-	2,613
Related companies (related by common shareholders)	53,310	54,474	2,315	2,216
Total amounts due from related parties (Note 10)	53,904	64,075	155,471	121,659
Amounts due to related parties				
Subsidiaries	-	-	8,546	10,439
Associated companies	70	58	-	-
Related companies (related by common shareholders)	65,444	109,402	1,542	5,328
Total amounts due to related parties (Note 23)	65,514	109,460	10,088	15,767

Loans to subsidiaries and employees and long-term loans from subsidiaries

As at 31 December 2013 and 2012, the balance of loans between the Company, employees and those related companies and the movement are as follows:

Long-term loans to subsidiaries

	(Unit: Thousand Baht)			
	Separate financial statements			
	31 December 2012	Addition	Repayment	
Laguna Banyan Tree Limited	985,100	377,500	(255,000)	1,107,600
Laguna Holiday Club Limited	54,380	66,500	(108,500)	12,380
Laguna Lakes Limited	441,001	2,500	(5,500)	438,001
TWR-Holdings Limited	210,420	574,300	(394,700)	390,020
Total	1,690,901	1,020,800	(763,700)	1,948,001

Long-term loans to employees

Employees of the companies	(Unit: Thousand Baht)		
	Consolidated financial statements		
	31 December 2012	Repayment	31 December 2013
Laguna Resorts & Hotels Public Company Limited	163	(140)	23
Bangtao Grande Limited	265	(265)	-
Laguna Grande Limited	453	(453)	-
Laguna Holiday Club Limited	49	(49)	-
Banyan Tree Gallery (Thailand) Limited	167	(126)	41
Thai Wah Plaza Limited	996	(877)	119
Total	2,093	(1,910)	183

(Unit: Thousand Baht)

Employees of the companies	Separate financial statements		
	31 December 2012	Repayment	31 December 2013
Laguna Resorts & Hotels Public Company Limited	163	(140)	23

Long-term loans to employees related to loans for property purchased under the Group's employee financing scheme and loans for flood relief. The loans for property purchased under the Group's employee financing scheme are charged with interest at the rate of the Group's cost of funds plus a margin of 0.5%. The loans are repayable within 5 years commencing from the date on which the loan is drawn down. The loans for flood relief are for repairing employees houses which were damaged in the 2011 Bangkok flood. These loans are interest free and repayable within 4 months to 2 years.

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2012	Addition	Repayment	31 December 2013
Laguna Grande Limited	669,650	734,500	(733,200)	670,950
Laguna (3) Limited	-	4,000	(1,100)	2,900
Total	669,650	738,500	(734,300)	673,850

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	98,581	94,734	63,072	74,822
Post-employment benefits	647	1,469	504	782
Other long-term employee benefits	31	27	19	(1)
Total	99,259	96,230	63,595	75,603

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 37 b).

12. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
		Reduce cost to net			
Cost		realisable value		Inventories-net	
31 December	31 December	31 December	31 December	31 December	31 December
2013	2012	2013	2012	2013	2012
Food and beverage	21,665	20,386	-	21,665	20,386
Finished goods and supplies	103,311	116,441	(1,844)	101,467	113,037
Total	124,976	136,827	(1,844)	123,132	133,423

(Unit: Thousand Baht)

Separate financial statements					
		Reduce cost to net			
Cost		realisable value		Inventories-net	
31 December	31 December	31 December	31 December	31 December	31 December
2013	2012	2013	2012	2013	2012
Food and beverage	-	21	-	-	21
Finished goods and supplies	-	157	-	(73)	84
Total	-	178	-	(73)	105

13. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Property for sale under holiday club memberships	434,198	459,117	-	-
Completed buildings	718,808	969,408	123,225	233,256
Land	1,871,750	719,800	113,034	3,292
Leasehold land	44,041	44,041	-	-
Property under construction	437,435	286,562	8,795	8,795
	3,506,232	2,478,928	245,054	245,343
Less: Allowance for diminution in market value of property under construction	(91,418)	(91,418)	-	-
Property development cost - net	3,414,814	2,387,510	245,054	245,343

Subsidiaries have mortgaged property development cost amounting to Baht 616 million (2012: Baht 369 million) as collateral against its credit facilities received from financial institutions.

14. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Value added tax	49,861	62,864	10,818	16,390
Prepaid expenses and withholding tax deducted at source	71,970	84,774	7,594	9,084
Advances to suppliers and staffs	62,913	27,732	3,501	2,289
Income tax and VAT refundable	20,028	16,867	5,012	3,207
Total	204,772	192,237	26,925	30,970

15. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 15.1 Installments receivable from property sales which bear interest at a rate of 5.0% - 12.0%, MLR plus 0.5% - 1.0% and the group's cost of funds plus 0.5% per annum and installments are repaid over a period of 3 to 15 years.
- 15.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 7.5% - 9.0% per annum and installments are repaid over a period of 2 to 5 years.

Long-term trade accounts receivable are due as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 December 2013	31 December 2012
Current portion of long-term trade accounts receivable	110,954	123,641
Long-term trade accounts receivable	144,443	160,078
Total	255,397	283,719
Sales of property		
Within 1 year (Note 10)	81,670	90,680
Over 1 year to 5 years	136,019	142,545
Over 5 years	-	5,010
Long-term trade accounts receivable - sales of property	217,689	238,235

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2013	31 December 2012
Sales of holiday club memberships		
Within 1 year (Note 10)	29,284	32,961
Over 1 year to 5 years	8,424	12,523
Long-term trade accounts receivable - sales of holiday club memberships	37,708	45,484
Total	255,397	283,719

(Unit: Thousand Baht)

	Separate financial statements	
	31 December 2013	31 December 2012
Current portion of long-term trade accounts receivable	3,246	25,584
Long-term trade accounts receivable	14,063	24,890
Total	17,309	50,474
Sales of property		
Within 1 year (Note 10)	3,246	25,584
Over 1 year to 5 years	14,063	22,442
Over 5 years	-	2,448
Long-term trade accounts receivable - sales of property	17,309	50,474

16. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2013	2012	2013	2012	2013	2012	2013	2012
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>								
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43	SGD 0.43	51.0	51.0	4.0	4.0	-	19.3
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0	-	10.3
Laguna Banyan Tree Limited ⁽¹⁾	500.0	500.0	100.0	100.0	835.1	835.1	-	-
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0	-	-
Laguna Grande Limited	1,000.0	1,000.0	100.0	100.0	984.8	984.8	-	-
Laguna Lakes Limited	1.0	1.0	94.9	94.9	0.9	0.9	-	-
Laguna Service Company Limited ⁽²⁾	90.5	90.5	72.9	72.9	22.4	22.4	-	-
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8	-	-
TWR - Holdings Limited	1,250.0	1,250.0	100.0	100.0	1,250.0	1,250.0	-	-
<u>Subsidiaries held through TWR - Holdings Limited</u>								
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-	-	-
Pal Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-	-	-
Phuket Resort Development Limited	41.4	41.4	100.0	100.0	-	-	-	-
PT AVC Indonesia	USD 0.9	USD 0.9	100.0	100.0	-	-	-	-
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-	-	-
Twin Waters Development Company Limited	214.4	214.4	100.0	100.0	-	-	-	-
<u>Subsidiaries held through Laguna Grande Limited</u>								
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-	-	-
Bangtao Development Limited	80.0	80.0	100.0	100.0	-	-	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-	-	-
Laguna Central Limited	1.0	1.0	85.0	85.0	-	-	-	-
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte Limited</u>								
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75	USD 75	51.0	51.0	-	-	-	-
	Thousands	Thousands						
<u>Subsidiary held through Laguna Holiday Club Limited</u>								
Cheer Golden Limited	-	-	100.0	100.0	-	-	-	-
Total Investments in subsidiaries					3,479.0	3,479.0	-	29.6

(1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through TWR - Holdings Limited

(2) Laguna Services Company Limited is held by the Company and 2 subsidiaries

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary has recognised its share of the income of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

Significant transactions regarding the investments in subsidiary companies during 2012 to 2013 are as follows:

- (a) On 27 January 2012, a subsidiary in Indonesia approved an increase of the paid up capital by USD 150,000 from USD 700,000 to USD 850,000 divided into 85,000 ordinary shares with par value of USD 10 per share.

On 17 April 2012, the Minister of Law and Human right of The Republic of Indonesia accepted the paid up capital from USD 700,000 to USD 850,000 following with the registered capital of USD 2,335,000.

- (b) On 24 December 2012, the Company purchased an additional 76,667 ordinary shares of Laguna Grande Limited from its subsidiary at the net book value of Baht 70 million. However, such transaction does not affect the shareholding proportion in the consolidation financial statements.

- (c) Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2013	31 December 2012
		(Restated)
Goodwill from purchase of shares in subsidiaries:		
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

17. Investments in associates

17.1 Details of associates:

(Unit: Thousand Baht)

Company' name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
			(%)	(%)				
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	456,568	516,305
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for Impairment of Investment					(17,673)	(17,673)	-	-
					-	-	-	-
Total investments in associates - net					348,414	348,414	456,568	516,305

Lijiang Banyan Tree Hotel Co., Ltd., held by Laguna Banyan Tree Limited, was incorporated in the People's Republic of China and is engaged in the hotel business and property development.

Tropical Resorts Ltd., held by TWR - Holdings Limited and Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holding.

17.2 Share of loss

During the years, the subsidiary has recognised their share of loss from investment in associate company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investment in associate during the years	
	2013	2012
Lijiang Banyan Tree Hotel Co., Ltd.	(21,066)	(5,428)

17.3 Summarised financial information of associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenue for the years ended		Loss for the years ended	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Lijiang Banyan Tree Hotel Co., Ltd.	USD 18.4 million	USD 18.4 million	1,987	2,127	1,044	1,080	413	522	(42)	(11)
Tropical Resorts Ltd.	USD 21.0 million	USD 21.0 million	1,789	1,724	2,061	1,879	480	521	(305)	(211)

The value of investments in associates, accounted for under the equity method was calculated based on unaudited financial statements of the companies prepared by their management.

- 17.4 The subsidiaries recognised its share of losses from the investments in Tropical Resorts Ltd. until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the subsidiaries' accounts since the subsidiaries have no obligations, whether legal or constructive, to make any payments on behalf of the associates.

18. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Investment in available-for-sale security				
Thai Wah Starch Public Company Limited (Formerly known as "Universal Starch Public Company Limited")	334,627	334,627	31,161	31,161
Less: Allowance for impairment of investment	(89,339)	(334,627)	-	(31,161)
	245,288	-	31,161	-
Unrealised gain on available-for-sale security	-	-	214,127	-
Total Investment in available-for-sale security - net	245,288	-	245,288	-
Investments in other companies				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,939	355,908	-	-
Total investments in other companies	606,364	544,333	-	-
Total other long-term investments - net	851,652	544,333	245,288	-

The Company has a 16.27% equity stake or 12,775,406 shares in Thai Wah Starch Public Company Limited (TWS) (formerly known as Universal Starch Public Company Limited). On 3 July 2006, the Stock Exchange of Thailand ("SET") moved TWS's securities to Non-Performing Group and, consequently, TWS shares have ceased trading on SET since then. SET has approved the resumption of trading of TWS shares on SET on 31 October 2013. In connection therewith, the Company, being a significant shareholder of TWS, is subjected to a moratorium period of not being able to sell or trade in TWS shares for a period of 6 months from 31 October 2013. Thereafter, the Company can sell up to 25% of its TWS shares and the remaining 75% after 1 year from 31 October 2013. Since December 2008, an allowance for impairment amounting to Baht 334 million had been fully set up for the Company's investment in TWS in the consolidated financial statements.

During the current year, the Company has reversed allowance for impairment of investment in TWS in consolidated financial statements amounting to Baht 245 million (Separate financial statements: Baht 31 million).

19. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2013			31 December 2012		
	Units in			Units in		
	Land	office		Land	office	
	awaiting for	building and		awaiting for	building and	
	development	shops		development	shops	
	/ sales	for rent	Total	/ sales	for rent	Total
Balance at beginning of year	354,300	722,244	1,076,544	159,300	641,040	800,340
Transfer from property, plant and equipment	-	-	-	195,000	-	195,000
Net gain from a fair value adjustment	3,775	20,316	24,091	-	81,204	81,204
Balance at end of year	358,075	742,560	1,100,635	354,300	722,244	1,076,544

(Unit: Thousand Baht)

Separate financial statements						
	31 December 2013			31 December 2012		
	Land	Units in office		Land	Units in Office	
	awaiting for development	building and shops		awaiting for development	building and shops	
	/ sales	for rent	Total	/ sales	for rent	Total
Balance at beginning of year	138,671	31,244	169,915	62,538	19,040	81,578
Transfer from property, plant and equipment	-	-	-	76,133	-	76,133
Net gain (loss) from a fair value adjustment	(3,533)	2,616	(917)	-	12,204	12,204
Balance at end of year	135,138	33,860	168,998	138,671	31,244	169,915

The fair value of the investment properties has been determined based on valuations performed by an accredited independent valuer, using the basis as follows:

- Land awaiting development / sales was revalued using the Market Approach.
- Units in office building and shops for rent were revalued using the Income Approach.

The main assumptions used in the valuation are yield rate, long-term vacancy rate and long-term growth in real rental rates.

In 2012, the Company and its subsidiaries transferred land to investment properties amounting to Baht 195 million because the management plans to develop investment properties.

As at 31 December 2013, the subsidiaries have pledged investment properties amounting to approximately Baht 709 million (2012: Baht 691 million) as collateral against credit facilities received from financial institutions.

20. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost										
As at 1 January 2012	1,527,584	4,002,004	294,125	1,781,289	1,304,151	357,088	41,265	184,116	466,699	9,948,421
Additions	-	9,317	792	9,793	21,578	27,694	4,240	13,415	277,055	363,824
Disposals and write off	-	(2,156)	-	-	(14,115)	(7,620)	(408)	(6,776)	(201)	(33,277)
Transfers in/out	17,875	409,344	13,319	122,013	53,777	39,411	7,159	3,122	(666,020)	-
Transfer to property development cost	(403)	(73,709)	-	-	(13,917)	-	-	-	(6,512)	(94,541)
Transfer to investment properties	(10,028)	-	-	-	-	-	-	-	-	(10,028)
Adjustments	-	19	-	13,648	(13,015)	-	-	36	(48)	640
As at 31 December 2012	1,535,128	4,344,819	298,236	1,928,683	1,338,459	418,573	52,258	191,910	70,973	10,175,039
Additions	-	32,525	-	33,606	20,968	31,156	548	8,838	104,288	231,909
Disposals and write off	(17,875)	(719)	-	(586,216)	(405,322)	(92,174)	(9)	(28,693)	(5,609)	(1,136,617)
Transfers in/out	-	53,145	-	26,148	590	-	1,511	1,082	(82,476)	-
Transfer to property development cost	(46,239)	-	-	-	(4,170)	-	-	-	-	(50,409)
Transfer from property development cost	-	59,973	-	11,333	822	-	-	-	-	72,128
Adjustments	(2)	(1,952)	-	-	(1,609)	(925)	872	(240)	1,535	(1,730)
As at 31 December 2013	1,471,012	4,468,381	298,236	1,411,554	949,738	354,630	55,180	172,897	98,692	9,290,320
Accumulated depreciation										
As at 1 January 2012	(452)	(984,705)	(284,004)	(1,326,443)	(1,116,084)	(268,093)	(14,939)	(144,413)	-	(4,139,133)
Depreciation charged for the year	(65)	(99,359)	(1,210)	(55,616)	(65,988)	(41,566)	(2,943)	(19,223)	-	(285,982)
Disposals and write-off	-	780	-	-	13,863	7,377	-	8,752	-	30,752
Transfer to property development cost	-	8,728	-	-	12,387	1,520	-	-	-	22,645
Adjustments	-	(25)	-	(13,968)	(13,758)	-	200	(100)	-	(136)
As at 31 December 2012	(517)	(1,074,602)	(285,214)	(1,396,029)	(1,144,034)	(298,792)	(17,682)	(154,884)	-	(4,371,854)
Depreciation charged for the year	(54)	(99,666)	(2,754)	(62,026)	(60,310)	(40,353)	(4,062)	(12,814)	-	(282,049)
Disposals and write-off	-	295	-	566,224	405,183	91,153	9	28,205	-	1,111,069
Transfer to property development cost	-	-	-	-	3,316	-	-	-	-	3,316
Adjustments	-	1,242	-	(2)	200	1,100	(1,387)	(725)	-	428
As at 31 December 2013	(571)	(1,172,731)	(287,968)	(871,833)	(795,545)	(246,902)	(23,122)	(140,318)	-	(3,539,080)

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Allowance for impairment loss										
As at 1 January 2012	-	(12,309)	-	(102)	-	-	(5,193)	-	-	(17,604)
As at 31 December 2012	-	(12,309)	-	(102)	-	-	(5,193)	-	-	(17,604)
Reversal	-	53	-	-	-	-	-	-	-	53
As at 31 December 2013	-	(12,256)	-	(102)	-	-	(5,193)	-	-	(17,551)
Net book value - At cost										
As at 1 January 2012	1,527,232	3,004,950	121	454,744	166,067	90,995	21,133	39,703	468,699	5,791,684
As at 31 December 2012	1,534,611	3,257,908	13,022	530,552	194,425	117,781	29,383	36,926	70,973	5,785,581
As at 31 December 2013	1,470,441	3,303,394	10,268	539,619	154,093	107,728	26,865	32,579	88,692	5,733,679

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion										
As at 1 January 2012	7,029,811	276,789	-	-	-	-	-	-	-	7,306,600
Additions	21,000	-	-	-	-	-	-	-	-	21,000
Transfer to property development cost	(21,397)	-	-	-	-	-	-	-	-	(21,397)
Transfer to investment properties	(184,972)	-	-	-	-	-	-	-	-	(184,972)
Reversal of revaluation surplus	(9,479)	-	-	-	-	-	-	-	-	(9,479)
As at 31 December 2012	6,834,963	276,789	-	-	-	-	-	-	-	7,111,752
Transfer to property development cost	(1,105,100)	-	-	-	-	-	-	-	-	(1,105,100)
Reversal of revaluation surplus	(1,298,480)	(218,561)	-	-	-	-	-	-	-	(1,517,041)
As at 31 December 2013	4,431,383	58,228	-	-	-	-	-	-	-	4,489,611
Accumulated depreciation										
As at 1 January 2012	-	(71,701)	-	-	-	-	-	-	-	(71,701)
Depreciation of revaluation surplus on assets	-	(6,227)	-	-	-	-	-	-	-	(6,227)
As at 31 December 2012	-	(77,928)	-	-	-	-	-	-	-	(77,928)
Depreciation of revaluation surplus on assets	-	(4,197)	-	-	-	-	-	-	-	(4,197)
Reversal of revaluation surplus	-	65,911	-	-	-	-	-	-	-	65,911
As at 31 December 2013	-	(16,214)	-	-	-	-	-	-	-	(16,214)
Net book value - revaluation portion										
As at 1 January 2012	7,029,811	205,088	-	-	-	-	-	-	-	7,234,899
As at 31 December 2012	6,834,963	198,861	-	-	-	-	-	-	-	7,033,824
As at 31 December 2013	4,431,383	42,014	-	-	-	-	-	-	-	4,473,397

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

Property, plant and equipment - net	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
As at 1 January 2012	8,557,043	3,210,078	121	454,744	186,067	90,995	21,133	39,703	468,598	13,026,583
As at 31 December 2012	8,369,574	3,458,769	13,022	530,552	194,425	117,781	29,363	36,926	70,973	12,819,405
As at 31 December 2013	5,901,824	3,345,408	10,268	539,619	154,093	107,728	26,865	32,579	88,692	10,207,076
Depreciation for the year										
2012										292,209
2013										286,246

Separate financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
At cost									
As at 1 January 2012	20,177	70,785	10,915	23,080	37,531	1,237	7,840	10,294	181,659
Additions	-	-	-	768	786	132	-	137	1,823
Transfer to property development cost	-	-	-	-	-	-	-	(6,512)	(6,512)
Transfer to investment properties	(8,617)	-	-	-	-	-	-	-	(8,617)
Disposal and write off	-	(2,156)	-	(325)	(4,814)	-	-	(201)	(7,496)
As at 31 December 2012	11,560	68,629	10,915	23,523	33,503	1,369	7,840	3,718	160,857
Additions	-	1,402	-	487	480	-	-	6,660	9,029
Transfer to property development cost	(11,371)	-	-	-	-	-	-	-	(11,371)
Disposal and write off	-	(13,429)	-	(12,133)	(11,997)	-	-	(3,562)	(41,141)
Adjustment	-	-	-	(13)	-	-	-	-	(13)
As at 31 December 2013	189	55,602	10,915	11,864	21,986	1,369	7,840	6,796	117,361
Accumulated depreciation									
As at 1 January 2012	-	(28,839)	(3,317)	(20,600)	(31,429)	(964)	(6,493)	-	(91,642)
Depreciation charged for the year	-	(2,191)	(728)	(1,525)	(2,777)	(103)	(762)	-	(8,086)
Disposal and write off	-	760	-	598	4,795	-	-	-	6,153
As at 31 December 2012	-	(30,270)	(4,045)	(21,527)	(29,411)	(1,067)	(7,255)	-	(93,575)
Depreciation charged for the year	-	(1,985)	(728)	(866)	(1,987)	(111)	(102)	-	(5,779)
Disposal and write off	-	6,216	-	11,758	11,256	-	-	-	29,230
Adjustment	-	-	-	(18)	-	-	-	-	(18)
As at 31 December 2013	-	(26,039)	(4,773)	(10,653)	(20,142)	(1,178)	(7,357)	-	(70,142)

Separate financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
Allowance for impairment loss									
As at 1 January 2012	-	(7,356)	-	-	-	-	-	-	(7,356)
As at 31 December 2012	-	(7,356)	-	-	-	-	-	-	(7,356)
Reversal	-	7,356	-	-	-	-	-	-	7,356
As at 31 December 2013	-	-	-	-	-	-	-	-	-
Net book value - At cost									
As at 1 January 2012	20,177	34,590	7,598	2,480	6,102	273	1,147	10,294	82,661
As at 31 December 2012	11,560	31,003	6,870	1,996	4,092	302	385	3,718	59,926
As at 31 December 2013	189	30,563	6,142	1,211	1,844	191	283	6,796	47,219

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land Improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
Revaluation portion									
As at 1 January 2012	173,783	-	-	-	-	-	-	-	173,783
Additions	8,199	-	-	-	-	-	-	-	8,199
Transfer to investment properties	(67,516)	-	-	-	-	-	-	-	(67,516)
As at 31 December 2012	114,466	-	-	-	-	-	-	-	114,466
Additions (reversal)	(12,822)	3,657	-	-	-	-	-	-	(9,165)
Transfer to property development cost	(100,058)	-	-	-	-	-	-	-	(100,058)
As at 31 December 2013	1,586	3,657	-	-	-	-	-	-	5,243
Accumulated depreciation									
As at 1 January 2012	-	-	-	-	-	-	-	-	-
As at 31 December 2012	-	-	-	-	-	-	-	-	-
Additions	-	(1,584)	-	-	-	-	-	-	(1,584)
As at 31 December 2013	-	(1,584)	-	-	-	-	-	-	(1,584)
Net book value - revaluation portion									
As at 1 January 2012	173,783	-	-	-	-	-	-	-	173,783
As at 31 December 2012	114,466	-	-	-	-	-	-	-	114,466
As at 31 December 2013	1,586	2,073	-	-	-	-	-	-	3,659
Property, plant and equipment - net									
As at 1 January 2012	193,960	34,590	7,596	2,480	6,102	273	1,147	10,294	256,444
As at 31 December 2012	126,026	31,003	6,870	1,996	4,092	302	385	3,718	174,392
As at 31 December 2013	1,775	32,636	6,142	1,211	1,844	191	283	6,796	50,878
Depreciation for the year									
2012									8,086
2013									5,779

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 24 December 2013 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Market Approach.
- Buildings were revalued using the Replacement Cost Approach.

As at 31 December 2013, certain buildings and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 1,678 million (2012: Baht 2,458 million). (Separate financial statements: Baht 17 million, 2012: Baht 27 million).

The subsidiaries have mortgaged land and hotel buildings at fair value of Baht 6,725 million (2012: Baht 8,122 million) as collateral against credit facilities received from financial institutions.

21. Leasehold rights

(Unit: Thousand Baht)

	<u>Hotel units</u>
Cost	
As at 31 December 2012	49,225
Exchange rate adjustment 2013	705
As at 31 December 2013	<u>49,930</u>
Accumulated amortisation	
As at 31 December 2012	(24,459)
Amortisation of 2013	(2,558)
As at 31 December 2013	<u>(27,017)</u>
Net book value	
As at 31 December 2012	<u>24,766</u>
As at 31 December 2013	<u>22,913</u>

(Unit: Thousand Baht)

	<u>Hotel units</u>
Cost	
As at 1 January 2012	48,534
Exchange rate adjustment 2012	691
As at 31 December 2012	<u>49,225</u>
Accumulated amortisation	
As at 1 January 2012	(21,868)
Amortisation of 2012	(2,591)
As at 31 December 2012	<u>(24,459)</u>
Net book value	
As at 1 January 2012	<u>26,666</u>
As at 31 December 2012	<u>24,766</u>

Leasehold rights of hotel units are amortised over the term of the lease of 20 years from July 2002 to June 2022.

22. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
Short-term loans from					
financial institutions	3.54 - 3.55	<u>170,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Total		<u>170,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>

These short-term loans from financial institutions are secured by the mortgage of plots of land and hotel buildings of the Company and its subsidiaries, as described in Note 20 and by the guarantee provided by subsidiaries.

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Trade accounts payable	171,435	185,759	1,538	5,701
Amounts due to related parties (Note 11)	65,514	109,460	10,088	15,767
Accrued expenses	211,694	224,535	25,639	24,570
Other payables	40,279	52,986	5,064	566
Construction payables	23,632	17,584	-	4,481
Service charge payable to hotel staff	31,243	38,575	-	-
Accrued rental to villa owners	64,777	62,036	8,897	9,816
Total	608,574	690,935	51,224	60,901

24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Value added tax payable	52,161	47,762	3,915	1,790
Unearned income	48,133	61,580	-	-
Other tax payable	12,807	16,809	754	3,868
Short-term provision	6,037	2,906	2,819	150
Total	119,138	129,057	7,488	5,808

25. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Secured	2,970,326	3,397,277	175,000	245,000
Long-term loans are repayable as follows:				
Within 1 year	457,000	422,951	70,000	70,000
Over 1 year to 5 years	2,103,526	2,165,547	105,000	175,000
Over 5 years	409,800	808,779	-	-
	2,513,326	2,974,326	105,000	175,000
Total	2,970,326	3,397,277	175,000	245,000

Long-term loans consist of the following:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
<u>The Company</u>				
(1) Baht loan from a bank, with a facility of Baht 420 million repayable quarterly from July 2010 to April 2016, at an interest rate as follows: 2012 onwards: MLR less 1%, 1.5% and 1.75% per annum	175,000	245,000	175,000	245,000
<u>Subsidiaries</u>				
(2) Baht loan from a bank, with a facility of Baht 1,004 million, repayable quarterly from December 2005 to December 2013, at an interest rate as follows: 2012 onwards: MLR less 1.5% per annum	-	146,951	-	-
(3) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from July 2008 to April 2014, at an interest rate as follows: 2012 onwards: MLR less 1.5% per annum	30,000	65,000	-	-
(4) Baht loan from a bank, with a facility of Baht 1,000 million ^(a) repayable quarterly from October 2009 to April 2019, at an interest rate as follows: 2012 onwards: MLR less 0.5%, 1% and 1.5% per annum	863,300	883,800	-	-
(5) Baht loan from a bank, with a facility of Baht 145 million repayable quarterly from August 2010 to May 2016, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	134,500	137,500	-	-
(6) Baht loan from a bank, with a facility of Baht 700 million ^(a) repayable quarterly from April 2012 to January 2016, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.25% per annum	364,687	503,687	-	-
(7) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from June 2014 to September 2018, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.25% per annum	261,729	257,729	-	-
(8) Baht loan from a bank, with a facility of Baht 520 million repayable quarterly from June 2014 to March 2018, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	421,110	357,610	-	-
(9) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	720,000	800,000	-	-
Total long-term loans from financial institutions	2,970,326	3,397,277	175,000	245,000

MLR: Minimum Lending Rate

(a) Also subject to mandatory prepayment in inverse order of maturity upon the ownership transfer of property sales units.

The loans are secured by mortgage of plots of land and all hotel buildings of its subsidiaries, as described in Note 19 and Note 20. The loan in (8) above is guaranteed by a subsidiary.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2013, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 99 million (2012: Baht 855 million).

26. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other employee benefits plan, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2013			31 December 2012		
	Severance payments	Other benefits plans	Total	Severance payments	Other benefits plans	Total
Defined benefit obligation at beginning of year	25,477	27,985	53,462	72,200	48,657	120,857
Current service cost	3,303	3,923	7,226	7,285	7,272	14,557
Interest cost	914	995	1,909	3,510	2,371	5,881
Benefits paid during the year	(16,516)	(11,523)	(28,039)	(11,453)	(7,779)	(19,232)
Actuarial (gain) loss	13,392	6,451	19,843	(46,065)	(28,827)	(74,892)
Past service costs	-	-	-	-	6,291	6,291
Defined benefit obligation at end of year	26,570	27,831	54,401	25,477	27,985	53,462

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2013			31 December 2012		
	Severance payments	Other benefits plans	Total	Severance payments	Other benefits plans	Total
Defined benefit obligation at beginning of year	6,192	3,692	9,884	25,208	8,389	33,597
Current service cost	740	908	1,648	1,908	509	2,417
Interest cost	222	132	354	920	166	1,086
Benefits paid during the year	(3,019)	(1,604)	(4,623)	(10,250)	(893)	(11,143)
Actuarial (gain) loss	4,214	192	4,406	(11,594)	(4,479)	(16,073)
Defined benefit obligation at end of year	8,349	3,320	11,669	6,192	3,692	9,884

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Current service cost	7,226	14,557	1,648	2,417
Interest cost	1,909	5,881	354	1,086
Actuarial (gain) loss recognised during the year	6,451	(28,827)	192	(4,479)
Past service costs recognised during the year	-	6,291	-	-
Total expenses recognised in profit or loss	15,586	(2,098)	2,194	(976)
Line items under which such expenses are included in profit or loss				
Cost of sales	13,570	1,150	98	(388)
Selling and administrative expenses	2,016	(3,248)	2,096	(588)

The cumulative amount of actuarial gains recognised in the other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 27 million (2012: Baht 38 million) (Separate financial statements: Baht 6 million and 2012: Baht 9 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.25	3.75	4.25	3.75
Future salary increase rate	3.0	3.0	3.0	3.0
Staff turnover rate (depending on age)	10.4 - 30.4	10.4 - 30.4	10.4 - 30.4	10.4 - 30.4

Amounts of defined benefit obligation for the current and previous three periods are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	54,401	11,669	4,464	1,138
Year 2012	53,462	9,884	(23,990)	(4,369)
Year 2011	120,857	33,597	-	-
Year 2010	94,668	27,737	-	-

27. Capital reserve

The capital reserve relates to the accounting of assets in subsidiaries at their fair values as at the acquisition date and cannot be used for dividend payments.

28. Revaluation surplus

This represents surplus arising from revaluation of property, plant and equipment.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
		(Restated)		(Restated)
Balance - beginning of year	5,096,121	5,086,904	145,585	139,026
Addition (reversal) of revaluation surplus on assets	(1,160,903)	16,800	(8,599)	6,559
Less: Reversal of revaluation surplus on disposal of assets	-	(7,583)	-	-
Balance - end of year	3,935,218	5,096,121	136,986	145,585

The revaluation surplus can neither be offset against a deficit nor used for dividend payment.

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

30. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest income	25,241	34,019	133,790	120,328
Dividend income	12,775	-	12,775	29,554
Gain on change in fair value of investment properties	24,091	81,204	-	12,204
Management fee income	-	-	88,915	-
Other	28,911	34,264	2,282	6,104
Total	91,018	149,487	237,762	168,190

31. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salaries, wages and other employee benefits	1,258,269	1,118,558	182,935	137,616
Depreciation	286,246	292,209	5,779	8,086
Rental expenses from operating lease agreements	238,505	223,302	37,407	35,321
Repairs and maintenance	161,736	152,024	2,718	2,826
Water and electricity	219,516	207,655	6,753	5,132
Legal and professional fees	29,528	38,481	3,125	6,549
Management, incentive fee and royalty fees	167,139	150,623	-	-
Commission	131,339	100,137	-	1,046
Sales and marketing expenses	214,966	215,117	13,127	7,247
Food and beverage cost	335,792	296,716	-	-
Increase in land and construction during the year	1,364,731	183,235	111,901	7,407
Change in property development cost	(1,027,304)	243,944	288	30,745

32. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Current income tax:				
Current income tax charge	37,534	35,240	-	-
Adjustment in respect of current income tax of previous year	(674)	635	-	-
Write off prepaid withholding tax	24,902	9,566	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	23,617	15,686	34,283	8,340
Income tax expense reported in the income statement	85,379	61,127	34,283	8,340

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax relating to actuarial (gain) loss of post-employment benefits	2,679	(9,213)	843	(2,319)
Deferred tax relating to unrealised gain on available-for-sale security	-	-	(42,825)	-
Deferred tax relating to addition (reversal) of revaluation surplus on assets	290,226	(4,200)	2,150	(1,640)
	292,905	(13,413)	(39,832)	(3,959)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Accounting profit (loss) before income tax	202,017	97,772	119,280	(42,875)
Applicable tax rate	15%-30%	15%-30%	20%	23%
Accounting profit (loss) before tax multiplied by applicable tax rate	38,335	21,378	23,856	(9,861)
Adjustment in respect of current income tax of previous year	(674)	635	-	-
Effects of changes in the applicable tax rates	-	(5,230)	-	2,795
Write off prepaid withholding tax	24,902	9,566	-	-
Effects of:				
Reversal of loss on impairment of investment	(49,058)	-	(6,232)	-
Dividend income	(2,555)	-	(2,555)	(5,910)
Differences arising from revenue recognition	10,849	1,249	10,849	1,249
Unused tax losses	33,940	11,113	-	-
Non-taxable expenses	27,847	21,522	7,181	20,025
Other	1,793	894	1,184	42
Total	22,816	34,778	10,427	15,406
Income tax expense reported in the statement of comprehensive income	85,379	61,127	34,283	8,340

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Statements of financial position		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
	(Restated)		
Deferred tax assets (liabilities)			
Unutilised tax losses	161,753	172,031	174,991
Provision for long-term employee benefits	10,880	10,692	24,171
Temporary differences arising from revenue recognition	(1,245)	18,145	42,343
Intercompany charges to property development cost and property, plant and equipment	34,885	33,861	-
Other items of deferred tax assets	8,685	7,820	6,517
Revaluation surplus on assets	(1,374,124)	(1,702,299)	(1,700,913)

(Unit: Thousand Baht)

Consolidated financial statements			
Statements of financial position			
As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	
	(Restated)		
Temporary differences arising from revenue recognition	(675,752)	(697,569)	(704,915)
Gain on change in fair value of investment properties	(154,950)	(111,759)	(94,438)
Other items of deferred tax liabilities	(26,371)	(16,455)	(4,190)
Net deferred tax liabilities	(2,016,239)	(2,285,533)	(2,256,434)
Reflected in the statements of financial position as follows:			
Deferred tax assets	81,589	86,823	59,240
Deferred tax liabilities	(2,097,828)	(2,372,356)	(2,315,674)
Deferred tax liabilities, net	(2,016,239)	(2,285,533)	(2,256,434)

(Unit: Thousand Baht)

Separate financial statements			
Statements of financial position			
As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	
	(Restated)		
Deferred tax assets (liabilities)			
Unutilised tax losses	24,236	35,983	15,337
Provision for long-term employee benefits	2,334	1,977	6,719
Temporary differences arising from revenue recognition	-	19,389	32,122
Other items of deferred tax assets	764	1,688	1,777
Revaluation surplus on assets	(20,743)	(36,396)	(34,756)
Temporary differences arising from revenue recognition	(94,622)	(92,919)	(81,846)
Gain on change in fair value of investment properties	(22,505)	(8,968)	(6,300)
Gain on change in value of available-for-sales security	(42,825)	-	-
Net deferred tax liabilities	(153,361)	(79,246)	(66,947)

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2012, and then to 20% from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, the subsidiaries have unused tax losses totaling Baht 70 million (2012: Baht 50 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

33. Basic earnings per share

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

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	111,789	19,857	84,998	(51,215)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	0.67	0.12	0.51	(0.31)

34. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Contributions are made to the fund by both employees and the Company and its subsidiaries and will be paid to employees upon termination in accordance with the fund rules of the Company and its subsidiaries' provident fund.

During the years, the Company and its subsidiaries contributed to provident funds as follows:

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Hotel staff	Office staff	2013	2012
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	3.6	4.2
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.1	1.3
Bangtao Grande Limited	SCB Asset Management Company Limited	-	3.3	2.7
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset management Plc.	6.1	5.5
Banyan Tree Gallery (Singapore) Pte Ltd	-	Central Provident Fund Board	1.1	1.3
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.7	2.8
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	1.2	1.7
Thal Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	3.9	3.8

35. Dividends

Dividends declared in 2013 consisted of:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend on 2012 retained earnings	Annual General Meeting of the shareholders on 25 April 2013	20.84	0.125

36. Commitments

Capital commitment

As at 31 December 2013, the Company and its subsidiaries have capital commitments as follows:

- A subsidiary has commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 2 million (2012: Baht 9 million).
- The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 81 million (2012: Baht 2 million).
- A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngarn 39.6 square wah, with a third party. The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngarn 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngarn 36.2 square wah, by 1 July

2018. The subsidiary paid the deposit of Baht 65 million and the purchase price of the remaining land shall be increased at rate of 5% on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

Operating agreements

As at 31 December 2013 and 2012, the subsidiaries have operating agreements as follows:

- (a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotels and golf businesses. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised as follows:

Company	Business unit	Operator	Contract period	Fees
Bangteo Grande Limited	Angsana Laguna Phuket	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited)	1.7.2011 - 30.6.2012	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.7.2011 - 30.6.2012	- Management fee: 10% of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Grande Limited	Laguna Phuket Golf Club	Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 30.6.2012	- Basic technical fee: 3% of total revenue - Incentive fee: 10% of gross operating profit
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.7.2013	- Basic technical fee: 3% of total revenue - Incentive fee: 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited)	1.1.2009 - 30.6.2012	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2015 (a)	- Royalty fee: 2% of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 30.6.2012	- Technical fee: 7.5% of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2015 (a)	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited)	1.1.2009 - 30.6.2012	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2021 (b)	- Royalty fee: 3% of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 30.6.2012	- Management fee: 10% of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021 (b)	- Management fee: 10% of gross operating profit

Company	Business unit	Operator	Contract period	Fees
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.5.2009 - 31.12.2019 - (c)	Basic management fee: 2% of total revenue for the first fiscal year, 2.5% of total revenue for the second fiscal year and 3% of total revenue for the remain fiscal years - Incentive fee: 7% of gross operating profit

(a) Operator has option to extend for 1 additional period of 10 years

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Operator has option to extend for 2 additional periods of 10 years.

(b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The terms of the agreements are generally 6 years.

As at 31 December 2013 and 2012, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Payable within:				
In up to 1 year	112	135	22	28
In over 1 and up to 5 years	168	228	12	22
In over 5 years	15	5	2	-

During the year 2013, the Company and its subsidiaries recognised rental expenses of Baht 136 million (2012: Baht 156 million) (Separate financial statements: Baht 27 million and 2012: Baht 28 million).

Investment commitment

A subsidiary entered into the Limited Partnership Agreement in respect of Banyan Tree Indochina Hospitality Fund, L.P. ("the Fund"), an exempted limited partnership formed under the laws of the Cayman Islands. The fund is managed by Banyan Tree Indochina (GP) Company Limited and focuses mainly on hotel and resort investments in Vietnam, Cambodia and Laos. Based on the fund size of USD 283 million at closing date on 30 June 2009, the capital commitment of USD 16 million would be approximately 5.65% of the fund. As at 31 December 2013 and 2012, the subsidiary has made capital contribution of USD 13 million and USD 11 million, respectively, to the Fund.

Servitude over land

As at 31 December 2013, some subsidiaries have land servitudes of approximately 6 rai in Phuket province, which are presented under property development cost and property, plant and equipment.

37. Guarantees

- a) As at 31 December 2013, there were bank guarantees amounting to Baht 47 million (Separate financial statements: Baht 3 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (2012: Baht 46 million, Separate financial statements: Baht 2 million).
- b) As at 31 December 2013 and 2012, the Company has the provision of a guarantee for a loan obtained by Lijiang Banyan Tree Hotel Co., Ltd. (LBTH) by issuing the letter of indemnity to its parent company, Banyan Tree Holdings Limited. The provision of the guarantee is to secure the loan of LBTH in proportion to the equity interest of 49.04 % of the Company in LBTH (through Laguna Banyan Tree Limited).

38. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have the reportable segments as follows:

- Hotel business segment relates to hotel and restaurant operations including other relating businesses such as golf club and sales of merchandise.
- Property development segment relates to property sales and sale of holiday club memberships.
- Office rental segment relates to rental and service from lands and buildings which managements manage for lease.
- Head office segment relates to expenses incurred by corporate office and is not allocated to other operating segments.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2013				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,650	753	119	-	4,522
Intersegment revenues	(222)	(9)	(30)	-	(261)
Revenue from external customers	<u>3,428</u>	<u>744</u>	<u>89</u>	<u>-</u>	<u>4,261</u>
Results:					
Segment results	<u>199</u>	<u>52</u>	<u>28</u>	<u>33</u>	<u>312</u>
Unallocated income					66
Profit from operations and other income					378
Interest income	2	22	-	1	25
Finance cost	(105)	(53)	-	(22)	(180)
Share of loss from investment in associate	(23)	2	-	-	(21)
Profit before income tax expenses					202
Income tax expenses					(85)
Profit for the year					<u>117</u>
Segment total assets	11,737	4,027	977	1,306	18,047
Investments in associate accounted for the equity method	457	-	-	-	457
Additions of non-current assets other than financial instruments, deferred tax assets	214	2	31	317	564
Other segment information					
Depreciation of property, plant and equipment	276	5	-	5	286
Amortisation of leasehold rights	-	3	-	-	3
Reversal of loss on impairment of investment	-	-	-	245	245

(Unit: Million Baht)

For the year ended 31 December 2012					
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,398	902	123	-	4,423
Intersegment revenues	(233)	(9)	(31)	-	(273)
Revenue from to external customers	<u>3,165</u>	<u>893</u>	<u>92</u>	<u>-</u>	<u>4,150</u>
Results:					
Segment results	<u>142</u>	<u>182</u>	<u>37</u>	<u>(227)</u>	<u>134</u>
Unallocated income					<u>115</u>
Profit from operations and other income					249
Interest income	2	32	-	-	34
Finance cost	(100)	(66)	-	(14)	(180)
Share of loss from investment in associate	(31)	26	-	-	(5)
Profit before income tax expenses					98
Income tax expenses					<u>(61)</u>
Profit for the year					<u>37</u>
Segment total assets	14,134	3,101	1,192	1,091	19,518
Investments in associate accounted for under the equity method	516	-	-	-	516
Additions of non-current assets other than financial instruments, deferred tax assets	356	6	102	227	691
Other segment information					
Depreciation of property, plant and equipment	278	7	-	7	292
Amortisation of leasehold rights	-	3	-	-	3

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	2013	2012
Revenue from external customers		
Thailand	4,176	4,072
Others	85	78
Total	<u>4,261</u>	<u>4,150</u>
Non-current assets other than financial instruments and deferred tax assets		
Thailand	11,771	14,359
Others	37	39
Total	<u>11,808</u>	<u>14,398</u>

For the year 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10% or more of an entity's revenues.

39. Financial instruments

39.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and payables, loans, investments, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. However, due to the large number and diversity of the entities comprising the Company and its subsidiaries' customer base, the Company and its subsidiaries do not anticipate material losses from debt collection.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits with financial institutions, long-term trade accounts receivable and bank overdrafts and loans. Most of the Company and its subsidiaries' financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk (the detail of long-term loans are set out in Note 25).

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2013						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
Financial assets						
Cash equivalents (excluding cash)	10	-	355	-	365	0.50% - 1.60%
Current investments	10	-	-	-	10	1.75%
Trade and other receivables	78	-	33	468	579	4.78%-12%
Long-term fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	82	62	-	144	4.78%-12%
Financial liabilities						
Trade and other payables	-	-	-	609	609	-
Short-term loans from financial institutions	-	-	170	-	170	3.54%-3.55%
Long-term loans from financial institutions	-	-	2,970	-	2,970	5.38%-5.88%

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2013						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
Financial assets						
Cash equivalents (excluding cash)	-	-	17	-	17	0.5% - 1.60%
Trade and other receivables	2	-	1	203	206	4.78%-12%
Long-term fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	8	6	-	14	4.78%-12%
Long-term loans to subsidiaries	-	-	1,948	-	1,948	6.88%
Financial liabilities						
Trade and other payables	-	-	-	51	51	-
Long-term loans from subsidiaries	-	-	674	-	674	6.26%
Short-term loans from financial institutions	-	-	150	-	150	3.55%
Long-term loans from financial institutions	-	-	175	-	175	5.88%

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2012					
Fixed interest rates					
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Interest rate (% per annum)
Financial assets					
Cash equivalents (excluding cash)	-	-	565	-	565 0.625% - 0.75%
Trade and other receivables	86	-	38	399	523 4.78%-12%
Long-term fixed deposit	-	2	-	-	2 3%
Long-term trade accounts receivable	-	61	99	-	160 4.78%-12%
Long-term loans to employees	-	-	2	-	2 5.92%
Financial liabilities					
Trade and other payables	-	-	-	691	691 -
Long-term loans from financial institutions	-	-	3,397	-	3,397 5.50%-5.75%

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2012					
Fixed interest rates					
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Interest rate (% per annum)
Financial assets					
Cash equivalents (excluding cash)	-	-	53	-	53 0.625% - 0.75%
Trade and other receivables	5	-	20	158	183 4.78%-12%
Long-term fixed deposit	-	2	-	-	2 3%
Long-term trade accounts receivable	-	6	19	-	25 4.78%-12%
Long-term loans to subsidiaries	-	-	1,691	-	1,691 7.46%
Financial liabilities					
Trade and other payables	-	-	-	61	61 -
Long-term loans from subsidiaries	-	-	670	-	670 6.68%
Long-term loans from financial institutions	-	-	245	-	245 5.50%

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. In addition to those transactional exposures, the Company is also exposed to the effect of foreign exchange movements on its investment in foreign subsidiaries and associates, which currently are not hedged by any derivative financial instrument.

The balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities as at		Financial assets		Financial liabilities as at			
	as at		as at		as at		as at			
	31 December		31 December		31 December		31 December			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)
US Dollar	4	3	-	-	-	1	-	-	32.7644	30.5824

39.2 Fair value of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

40. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at 31 December 2013, the Group's debt-to-equity ratio was 0.58:1 (2012: 0.57:1) and the Company's was 0.24:1 (2012: 0.22:1).

41. Litigation

A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991 to 1995. The plaintiffs claim the Sale and Purchase Agreement called for common area of approximately 20 rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 rai 2 ngan 9 square wah. As result, the plaintiffs claim that defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 rai 3 ngan 97.1 square wah to Allamanda 1 Juristic Person, as the 10th plaintiff, or to be jointly liable for the

compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. The total amount of claim is Baht 188 million with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors, totaling ten, of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, therefore, must also be jointly liable with those subsidiaries.

LRH's affiliated companies and individual directors have lodged their statement of defense and believe that the plaintiff's claims are invalid, therefore, no provision has been made in the accounts.

The plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose and amend the status of nine plots of land in dispute with land registry office during the trial. On 20 January 2012, the Court granted the interim injunction.

On 7 February 2014, the Phuket Provincial Court has postponed the hearing for judgment to 28 March 2014.

42. Event after the reporting period

On 21 February 2014, the meeting of the Company's Board of Directors agreed to propose in the 2014 Annual General Meeting to appropriate the retained earnings as dividend payment to shareholders in the amount of Baht 0.34 per share, totaling Baht 56.67 million. Such dividend payment is subjected to final approval at the 2014 Annual General Meeting.

43. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2014.