

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Review report and interim consolidated financial statements
For the three-month period ended 31 March 2014

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries as at 31 March 2014, the related consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Laguna Resorts & Hotels Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.



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Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

A handwritten signature in black ink, appearing to read 'Sophon Permsirivallop'. The signature is written in a cursive style with some underlining.

Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

EY Office Limited
Bangkok: 12 May 2014

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2014

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		31 March	31 December	31 March	31 December
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	2	342,884	370,828	17,469	17,183
Current investment - short-term fixed deposit		10,425	10,425	-	-
Trade and other receivables	3	513,708	579,010	222,900	205,710
Inventories		114,963	123,132	-	-
Property development cost	5	3,399,821	3,414,814	221,069	245,054
Other current assets		194,787	204,772	27,776	26,925
Total current assets		4,576,588	4,702,981	489,214	494,872
Non-current assets					
Restricted deposits at financial institution		41	41	-	-
Long-term fixed deposit		2,000	2,000	2,000	2,000
Long-term trade accounts receivable	6	154,617	144,443	13,395	14,063
Investments in subsidiaries	7	-	-	3,479,025	3,479,025
Investments in associates	8	425,747	456,568	-	-
Other long-term investments	9	970,463	851,652	364,099	245,288
Long-term loans to subsidiaries	4	-	-	1,934,521	1,948,001
Long-term loans to employees	4	28	183	-	23
Investment properties		1,100,709	1,100,635	169,072	168,998
Property, plant and equipment	10	10,232,955	10,207,076	51,213	50,878
Deferred tax assets		71,241	81,589	-	-
Goodwill		407,904	407,904	-	-
Leasehold rights		22,148	22,913	-	-
Other non-current assets		68,615	69,514	1,357	3,042
Total non-current assets		13,456,468	13,344,518	6,014,682	5,911,318
Total assets		18,033,056	18,047,499	6,503,896	6,406,190

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 March 2014

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		31 March	31 December	31 March	31 December
	Note	2014	2013	2014	2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	11	105,000	170,000	105,000	150,000
Trade and other payables	12	526,803	608,574	43,650	51,224
Current portion of long-term loans from financial institutions	14	461,250	457,000	70,000	70,000
Income tax payable		31,878	13,198	-	-
Advance received from customers		471,225	514,413	854	264
Other current liabilities	13	151,603	119,138	10,903	7,488
Total current liabilities		1,747,759	1,882,323	230,407	278,976
Non-current liabilities					
Long-term loans from subsidiaries	4	-	-	709,350	673,850
Long-term loans from financial institutions					
- net of current portion	14	2,430,076	2,513,326	87,500	105,000
Provision for long-term employee benefits		55,689	54,401	9,132	11,669
Deferred tax liabilities		2,114,341	2,097,828	175,143	153,361
Other non-current liabilities		105,111	97,628	7,689	7,888
Total non-current liabilities		4,705,217	4,763,183	988,814	951,768
Total liabilities		6,452,976	6,645,506	1,219,221	1,230,744
Shareholders' equity					
Share capital					
Registered					
211,675,358 ordinary shares of Baht 10 each		2,116,754	2,116,754	2,116,754	2,116,754
Issued and fully paid-up					
166,682,701 ordinary shares of Baht 10 each		1,666,827	1,666,827	1,666,827	1,666,827
Share premium		2,062,461	2,062,461	2,062,461	2,062,461
Capital reserve		568,131	568,131	-	-
Retained earnings					
Appropriated - statutory reserve		211,675	211,675	211,675	211,675
Unappropriated		2,626,182	2,521,329	940,376	926,196
Other components of shareholders' equity		4,165,428	4,091,793	403,336	308,287
Equity attributable to owner of the Company		11,300,704	11,122,216	5,284,675	5,175,446
Equity attributable to non-controlling interests of the subsidiaries		279,376	279,777	-	-
Total shareholders' equity		11,580,080	11,401,993	5,284,675	5,175,446
Total liabilities and shareholders' equity		18,033,056	18,047,499	6,503,896	6,406,190

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

Directors

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Revenue					
Revenue from hotel operations		1,021,478	1,143,510	28	4,237
Revenue from property development operations		157,421	98,116	43,571	38,288
Revenue from office rental operations		22,218	21,933	10,335	10,753
Interest income		3,908	6,783	32,731	32,913
Other income		3,963	4,345	7,341	1,259
Total revenue		1,208,988	1,274,687	94,006	87,450
Expenses					
Cost of hotel operations		412,106	456,053	-	152
Cost of property development operations		74,741	35,656	24,088	15,761
Cost of office rental operations		11,251	14,107	1,835	1,932
Selling expenses		106,530	117,666	2,027	4,202
Administrative expenses		418,727	479,085	39,595	59,485
Total expenses		1,023,355	1,102,567	67,545	81,532
Profit before share of loss from investment					
in associate, finance cost and income tax expenses		185,633	172,120	26,461	5,918
Share of loss from investment in associate	8	(14,617)	(16,771)	-	-
Profit before finance cost and income tax expenses		171,016	155,349	26,461	5,918
Finance cost		(41,305)	(46,714)	(14,261)	(14,361)
Profit (loss) before income tax expenses		129,711	108,635	12,200	(8,443)
Income tax expenses	15	(24,928)	(38,900)	1,980	(3,748)
Profit (loss) for the period		104,783	69,735	14,180	(12,191)
Profit (loss) attributable to:					
Equity holders of the Company		104,853	66,209	14,180	(12,191)
Non-controlling interests of the subsidiaries		(70)	3,526		
		104,783	69,735		
(Unit: Baht)					
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	16	0.63	0.40	0.09	(0.07)

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit (loss) for the period	104,783	69,735	14,180	(12,191)
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	(21,745)	(14,715)	-	-
Unrealised gain on available-for-sales security, net of income tax	95,049	-	95,049	-
Other comprehensive income (loss) for the period	73,304	(14,715)	95,049	-
Total comprehensive income (loss) for the period	178,087	55,020	109,229	(12,191)
Total comprehensive income attributable to:				
Equity holders of the Company	178,488	53,719	109,229	(12,191)
Non-controlling interests of the subsidiaries	(401)	1,301		
	178,087	55,020		

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 three-month period ended 31 March 2014

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to the owners of the Company											
Other components of shareholders' equity											
Other comprehensive income											
Exchange differences on translation of financial statements in foreign currency											
Retained earnings											
Appropriated - statutory reserve											
Capital reserve											
Share premium											
Issued and fully paid-up share capital											
Unrealised gain on available-for-sales security											
Total other components of shareholders' equity											
Total equity attributable to shareholders of the Company											
Equity attributable to non-controlling interests of the subsidiaries											
Total shareholders' equity											
Balance as at 1 January 2013											
Total comprehensive income for the period											
Balance as at 31 March 2013											
Balance as at 1 January 2014											
Total comprehensive income for the period											
Balance as at 31 March 2014											

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Separate financial statements									
	Other components of shareholders' equity									
	Issued and fully paid-up share capital	Share premium	Retained earnings	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Total other components of shareholders' equity	Total shareholders' equity			
Balance as at 1 January 2013	1,666,827	2,062,461	211,675	145,585	-	145,585	4,951,952			
Total comprehensive income (loss) for the period	-	-	-	-	-	-	(12,191)			
Balance as at 31 March 2013	1,666,827	2,062,461	211,675	145,585	-	145,585	4,939,761			
Balance as at 1 January 2014	1,666,827	2,062,461	211,675	136,986	171,301	308,287	5,175,446			
Total comprehensive income for the period	-	-	-	-	95,049	95,049	109,229			
Balance as at 31 March 2014	1,666,827	2,062,461	211,675	136,986	266,350	403,336	5,284,675			

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) before income tax expenses	129,711	108,635	12,200	(8,443)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	71,293	73,087	1,303	1,745
Amortisation of leasehold rights	658	627	-	-
Allowance for doubtful accounts (reversal)	2,196	(136)	-	-
Reduction of inventory to net realisable value (reversal)	(1,490)	573	-	-
Share of loss from investments in associate	14,617	16,771	-	-
Loss (gain) on sale of property, plant and equipment	(45)	120	-	(1)
Write off property, plant and equipment	459	-	1	-
Provision for long-term employee benefits (reversal)	1,500	1,985	(2,449)	349
Interest income	(3,908)	(6,783)	(32,731)	(32,913)
Interest expenses	41,305	46,714	14,261	14,361
Profit (loss) from operating activities before changes in operating assets and liabilities	256,296	241,593	(7,415)	(24,802)
Operating assets (increase) decrease				
Trade and other receivables	63,089	256	(12,986)	(19,081)
Inventories	9,661	8,575	-	37
Property development cost	(15,115)	8,974	23,985	15,699
Other current assets	14,573	7,870	597	(5,694)
Long-term trade accounts receivable	(10,174)	801	668	3,434
Other non-current assets	825	406	1,611	30
Operating liabilities increase (decrease)				
Trade and other payables	(80,632)	(78,313)	(7,333)	(6,141)
Advance received from customers	(43,188)	(17,883)	590	(4,616)
Other current liabilities	32,350	33,643	3,415	(1,948)
Provision for long-term employee benefits	(212)	(759)	(88)	-
Other non-current liabilities	7,483	407	(199)	(2,804)
Cash flows from (used in) operating activities	234,956	205,570	2,845	(45,986)
Cash received for interest income	3,924	7,130	32,895	25,398
Cash paid for interest expenses	(42,444)	(46,925)	(14,501)	(12,838)
Cash paid for income tax	(7,740)	(7,471)	(1,449)	(745)
Net cash flows from (used in) operating activities	188,696	158,304	19,790	(34,171)

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

(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Increase in restricted deposits at financial institution	-	(41)	-	-
Cash paid for purchase of other long-term investment	-	(33,645)	-	-
Cash received from long-term loans to subsidiaries	-	-	195,100	83,000
Cash paid for long-term loans to subsidiaries	-	-	(181,620)	(91,000)
Decrease in long-term loans to employees	155	653	23	33
Cash received from sales of property, plant and equipment	82	14	-	1
Cash paid for acquisition of property, plant and equipment	(67,521)	(47,443)	(6,007)	(1,069)
Net cash flows from (used in) investing activities	(67,284)	(80,462)	7,496	(9,035)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institution	(65,000)	5,000	(45,000)	5,000
Draw down of long-term loans from subsidiaries	-	-	167,000	53,000
Repayment of long-term loans from subsidiaries	-	-	(131,500)	(10,000)
Draw down of long-term loans from financial institutions	-	35,000	-	-
Repayment of long-term loans from financial institutions	(79,000)	(120,838)	(17,500)	(17,500)
Net cash flows from (used in) financing activities	(144,000)	(80,838)	(27,000)	30,500
Net exchange differences on translation of financial statements in foreign currency	(5,356)	2,215	-	-
Net increase (decrease) in cash and cash equivalents	(27,944)	(781)	286	(12,706)
Cash and cash equivalents at beginning of period	370,828	571,864	17,183	53,398
Cash and cash equivalents at end of period	342,884	571,083	17,469	40,692

Supplemental cash flows information

Non-cash items

Decrease in exchange differences on translation

of financial statements in foreign currency of associate

(16,204) (14,621) - -

Transferred property development cost to property,

plant and equipment

30,108 - - -

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2014

1. Corporate 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 shop rental and sale of holiday club memberships.

The Company and some of its subsidiaries' registered address was 21/11, 21/12B, 21/13 and 21/68 Thai Wah Tower 1, 6th and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

On 2 January 2014, the Company registered with the Ministry of Commerce the change of its address to 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7th, 22nd and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statements, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.2 Basis of consolidation

These consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2013. There have been no changes in the composition of the subsidiaries during the current period.

1.3 New accounting standards

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

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

These accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations are not relevant to the business of the Company or do not have any significant impact on the financial statements.

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

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

This financial reporting standard is not relevant to the business of the Company.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.

(Unaudited but reviewed)

2. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Cash	4,680	6,274	180	182
Bank deposits	338,204	364,554	17,289	17,001
Total	342,884	370,828	17,469	17,183

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	239,425	321,046	1,376	1,890
Less: Allowance for doubtful accounts	(14,334)	(12,308)	-	-
Trade accounts receivable - hotel operations, net	225,091	308,738	1,376	1,890
Trade accounts receivable - sales of property				
- installment due	12,534	22,891	2,774	11,573
Current portion of long-term trade				
accounts receivable (Note 6)	93,291	81,670	3,163	3,246
Trade accounts receivable - sales of property, net	105,825	104,561	5,937	14,819
Trade accounts receivable - sales of holiday club				
memberships - installment due	25,336	10,041	-	-
Current portion of long-term trade				
accounts receivable (Note 6)	25,675	29,284	-	-
Total	51,011	39,325	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club				
memberships, net	48,411	36,725	-	-
Trade accounts receivable - net	379,327	450,024	7,313	16,709
<u>Other receivables</u>				
Amounts due from related parties (Note 4)	57,454	53,904	159,451	155,471
Other receivables	17,170	30,375	902	1,854
Insurance claim receivable	327	327	-	-
Accrued other income	4,546	13,007	395	331
Interest receivable	177	194	132	166
Accrued rental	54,707	31,179	54,707	31,179
Total other receivables	134,381	128,986	215,587	189,001
Trade and other receivables, net	513,708	579,010	222,900	205,710

(Unaudited but reviewed)

The balances of trade accounts receivable - hotel operations, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Age of receivables</u>				
Not yet due	71,468	143,017	247	244
Past due				
Up to 30 days	81,536	82,865	777	616
31 - 60 days	21,375	22,343	289	493
61 - 90 days	5,553	8,760	63	338
91 - 120 days	7,240	11,037	-	199
Over 120 days	52,253	53,024	-	-
Total	239,425	321,046	1,376	1,890
Less: Allowance for doubtful accounts	(14,334)	(12,308)	-	-
Trade accounts receivable - hotel operations, net	225,091	308,738	1,376	1,890

The balances of installments due of trade accounts receivable - sales of property operations, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Age of receivables</u>				
Not yet due	12,534	22,891	2,774	11,573
Trade accounts receivable - sales of property - installment due, net	12,534	22,891	2,774	11,573

(Unaudited but reviewed)

The balances of installments due of trade accounts receivable - holiday club members, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Age of receivables</u>				
Not yet due	1,005	-	-	-
Past due				
Up to 30 days	898	3,501	-	-
31 - 60 days	701	610	-	-
61 - 90 days	18,145	497	-	-
91 - 120 days	394	465	-	-
Over 120 days	4,193	4,968	-	-
Total	25,336	10,041	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club membership - installment due, net	22,736	7,441	-	-

4. Related party transactions

During the period, 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 agreed upon basis between the Company, its subsidiaries and related parties.

	(Unit: Million Baht)			
	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Inter resort payments	-	-	-	4 (1) agreed basis
Estate service expenses	-	-	-	1 (2) at market price
Guarantee fee expenses	-	-	1	1 (3) agreed basis
Interest income	-	-	32	31 (5) agreement
Interest expenses	-	-	11	11 (5) agreement
Management fee income	-	-	7	- (4), (7) agreement
Reimbursement receipts	-	-	4	3 (11) agreed basis
Reimbursement payments	-	-	6	6 (11) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month period ended 31 March				
	Consolidated		Separate		
	financial statements		financial statements		
	2014	2013	2014	2013	Transfer pricing policy
Rental and service income	-	-	3	3	(12)(i), (iii) agreement
Rental and service expenses	-	-	2	3	(12)(iv), (v) agreement
Resort service expenses	-	-	1	2	(14) agreed basis
Sale of assets	-	-	4	-	At net book value
<u>Transactions with associates</u>					
Inter resort receipts	-	1	-	-	(1) agreed basis
Sale of goods	1	-	-	-	(9) agreed basis
<u>Transactions with related companies</u>					
Inter resort payments	25	31	-	-	(1) agreed basis
Management fee income	1	1	-	-	(16), (17) agreement
Management fee expenses	90	97	-	-	(6), (15) agreement
Sale of gallery vouchers	1	-	-	-	(8) agreed basis
Purchase of spa & gallery vouchers	6	8	2	4	(8) agreed basis
Sale of goods	6	7	-	-	(9) agreed basis
Reimbursement receipts	22	11	-	-	(11) agreed basis
Reimbursement payments	14	9	-	-	(11) agreed basis
Rental and service income	9	11	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	1	1	-	-	(13) agreement
Resort service income	2	2	-	-	(14) agreed basis
Training charges	1	1	-	-	(10) agreed basis

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

- (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 in 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 credit card commission is charged ranging from 2% to 5% of the revenue based on the commission rate 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 are charged 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) 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) below.
- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The 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 17 to the financial statements 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 pays 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% margin.
- (10) Training charges by 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.
- (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 is at Baht 1,138 (2013: 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 at Baht 117,325 and Baht 11,733 (2013: 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 128,750 (2013: 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.
- (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 0.75% (2013: 1%) of the
operations' actual revenue
 - Community service : based on actual cost
- (15) This relates to architectural and interior design services by Banyan Tree Hotels & Resorts Pte. Ltd. The fees are based on construction cost at progressive rates which depend on type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.
- (16) 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.

(Unaudited but reviewed)

(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.

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)

	31 March 2014	31 December 2013
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)

	31 March 2014	31 December 2013
Short-term loan facilities	170	170
Overdrafts and bank guarantee facilities	10	10

As at 31 March 2014 and 31 December 2013, 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 March 2014	31 December 2013	31 March 2014	31 December 2013
Amounts due from related parties				
Subsidiaries	-	-	157,977	153,156
Associated companies	185	594	-	-
Related companies (related by common shareholders)	57,269	53,310	1,474	2,315
Total amounts due from related parties (Note 3)	57,454	53,904	159,451	155,471

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Amounts due to related parties				
Subsidiaries	-	-	12,072	8,546
Associated companies	70	70	-	-
Related companies (related by common shareholders)	55,291	65,444	2,105	1,542
Total amounts due to related parties				
(Note 12)	55,361	65,514	14,177	10,088

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

As at 31 March 2014 and 31 December 2013, 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			31 March
	2013	Addition	Repayment	2014
Laguna Banyan Tree Limited	1,107,600	81,500	(72,500)	1,116,600
Laguna Holiday Club Limited	12,380	3,620	(16,000)	-
Laguna Lakes Limited	438,001	4,000	(6,000)	436,001
TWR - Holdings Limited	390,020	92,500	(100,600)	381,920
Total	1,948,001	181,620	(195,100)	1,934,521

Long-term loans to employees

(Unit: Thousand Baht)

Employees of the companies	Consolidated financial statements			
	31 December			31 March
	2013	Addition	Repayment	2014
Laguna Resorts & Hotels Public Company Limited	23	-	(23)	-
Banyan Tree Gallery (Thailand) Limited	41	-	(32)	9
Thai Wah Plaza Limited	119	-	(100)	19
Total	183	-	(155)	28

(Unaudited but reviewed)

(Unit: Thousand Baht)

Employees of the company	Separate financial statements			
	31 December	Addition	Repayment	31 March
	2013			2014
Laguna Resorts & Hotels Public Company Limited	23	-	(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 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	Addition	Repayment	31 March
	2013			2014
Laguna Grande Limited	670,950	152,000	(127,500)	695,450
Laguna (3) Limited	2,900	-	-	2,900
Laguna Holiday Club Limited	-	15,000	(4,000)	11,000
Total	673,850	167,000	(131,500)	709,350

Directors and management's benefits

During the three-month periods ended 31 March 2014 and 2013, 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	
	2014	2013	2014	2013
Short-term employee benefits	27,218	25,900	10,901	16,567
Post-employment benefits	133	157	66	126
Other long-term employee benefits	10	7	4	5
Total	27,361	26,064	10,971	16,698

(Unaudited but reviewed)

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18 b).

5. Property development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Property for sale under holiday club memberships	431,798	434,198	-	-
Completed buildings	694,244	718,808	99,850	123,225
Land	1,868,825	1,871,750	112,424	113,034
Leasehold land	44,041	44,041	-	-
Property under construction	452,331	437,435	8,795	8,795
	3,491,239	3,506,232	221,069	245,054
Less: Allowance for diminution in market value of property under construction	(91,418)	(91,418)	-	-
Property development cost - net	3,399,821	3,414,814	221,069	245,054

Subsidiaries have mortgaged property development cost amounting to Baht 615 million (31 December 2013: Baht 616 million) as collateral against its credit facilities received from financial institutions.

6. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 6.1 Installments receivable from property sales which bear interest at rates of 7% - 12%, MLR plus 0.5%-1% and the group's cost of fund plus 0.5% per annum and installments are repaid over a period of 3 to 15 years.
- 6.2 Installments receivable from sales of holiday club memberships which bear interest at rates of 7.5% - 9% 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 March 2014	31 December 2013
Current portion of long-term trade accounts receivable	118,966	110,954
Long-term trade accounts receivable	154,617	144,443
Total	273,583	255,397

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2014	31 December 2013
Sales of property		
Within 1 year (Note 3)	93,291	81,670
Over 1 year to 5 years	147,621	136,019
Long-term trade accounts receivable - sales of property	240,912	217,689
Sales of holiday club memberships		
Within 1 year (Note 3)	25,675	29,284
Over 1 year to 5 years	6,996	8,424
Long-term trade accounts receivable - sales of holiday club memberships	32,671	37,708
Total	273,583	255,397

(Unit: Thousand Baht)

	Separate financial statements	
	31 March 2014	31 December 2013
Current portion of long-term trade accounts receivable	3,163	3,246
Long-term trade accounts receivable	13,395	14,063
Total	16,558	17,309

Sales of property

Within 1 year (Note 3)	3,163	3,246
Over 1 year to 5 years	13,395	14,063
Long-term trade accounts receivable - sales of property	16,558	17,309

7. 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	
	31 March	31 December	31 March	31 December	31 March	31 December
	2014	2013	2014	2013	2014	2013
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>						
Banyan Tree Gallery (Singapore) Pte. Limited	SGD 0.43 Million	SGD 0.43 Million	51.0	51.0	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
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	-	-
Pai 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 Million	USD 0.9 Million	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>						
Banglao (1) Limited	20.9	20.9	100.0	100.0	-	-
Banglao (2) Limited	19.1	19.1	100.0	100.0	-	-
Banglao (3) Limited	7.8	7.8	100.0	100.0	-	-
Banglao (4) Limited	14.6	14.6	100.0	100.0	-	-
Banglao Development Limited	80.0	80.0	100.0	100.0	-	-
Banglao 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 Thousands	USD 75 Thousands	51.0	51.0	-	-
<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

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

(2) Laguna Service 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 profits 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.

(Unaudited but reviewed)

8. Investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
			(%)	(%)				
Lijiang Banyan Tree Hotel Co. Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	425,747	456,568
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	425,747	456,568

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investments in associate	
	For three-month periods ended 31 March	
	2014	2013
Lijiang Banyan Tree Hotel Co. Ltd.	(14,617)	(16,771)

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Investment in available-for-sale security				
Thai Wah Starch Public Company Limited	334,627	334,627	31,161	31,161
Less: Allowance for impairment of investment	(89,339)	(89,339)	-	-
	245,288	245,288	31,161	31,161
Unrealised gain on available-for-sale security	118,811	-	332,938	214,127
Total investment in available-for-sale security - net	364,099	245,288	364,099	245,288
Investments in other companies				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,939	417,939	-	-
Total investments in other companies	606,364	606,364	-	-
Total other long-term investments - net	970,463	851,652	364,099	245,288

10. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
At cost / revaluation value		
Balance as at 31 December 2013	13,779,933	122,605
Additions	67,521	6,007
Transfer from property development cost	30,108	-
Disposals and write off	(11,312)	(8,012)
Adjustments	13	-
Balance as at 31 March 2014	13,866,263	120,600
Accumulated depreciation		
Balance as at 31 December 2013	(3,555,305)	(71,727)
Depreciation charged for the period	(75,526)	(1,303)
Disposals and write off	10,816	3,643
Adjustments	26	-
Balance as at 31 March 2014	(3,619,989)	(69,387)
Allowance for impairment loss		
Balance as at 31 December 2013	(17,552)	-
Adjustments of depreciation for impairment assets	4,233	-
Balance as at 31 March 2014	(13,319)	-
Net book value		
Balance as at 31 December 2013	10,207,076	50,878
Balance as at 31 March 2014	10,232,955	51,213

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.

The subsidiaries have mortgaged land and buildings at fair value of Baht 6,707 million (31 December 2013: Baht 6,725 million) as collateral against credit facilities received from financial institutions.

11. Short-term loans from financial institutions

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months, subject to interest rate of 3.63% per annum (31 December 2013: 3.54% - 3.55%).

These short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of its subsidiaries, as described in Note 10 and by the guarantee provided by subsidiaries.

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Trade accounts payable	148,771	171,435	628	1,536
Amounts due to related parties (Note 4)	55,361	65,514	14,177	10,088
Accrued expenses	147,799	211,694	11,930	25,639
Other payables	41,376	40,279	5,611	5,064
Construction payables	19,584	23,632	-	-
Service charge payable to hotel staff	23,840	31,243	-	-
Accrued rental to villa owners	90,072	64,777	11,304	8,897
Total	<u>526,803</u>	<u>608,574</u>	<u>43,650</u>	<u>51,224</u>

13. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Value added tax payable	57,323	52,161	5,318	3,915
Unearned income	57,018	48,133	-	-
Other tax payable	30,526	12,807	2,081	754
Short-term provision	6,736	6,037	3,504	2,819
Total	<u>151,603</u>	<u>119,138</u>	<u>10,903</u>	<u>7,488</u>

(Unaudited but reviewed)

14. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Secured	<u>2,891,326</u>	<u>2,970,326</u>	<u>157,500</u>	<u>175,000</u>
Long-term loans are repayable as follows:				
Within 1 year	461,250	457,000	70,000	70,000
Over 1 year to 5 years	<u>2,111,526</u>	<u>2,103,526</u>	<u>87,500</u>	<u>105,000</u>
Over 5 years	<u>318,550</u>	<u>409,800</u>	<u>-</u>	<u>-</u>
	<u>2,430,076</u>	<u>2,513,326</u>	<u>87,500</u>	<u>105,000</u>
Total	<u>2,891,326</u>	<u>2,970,326</u>	<u>157,500</u>	<u>175,000</u>

Movements in the long-term loans account during the three-month period ended 31 March 2014 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2013	2,970,326	175,000
Less: Repayments	(79,000)	(17,500)
Balance as at 31 March 2014	<u>2,891,326</u>	<u>157,500</u>

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Notes 5 and 10 and investment properties of Baht 709 million (31 December 2013: Baht 709 million).

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 March 2014, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 99 million (31 December 2013: Baht 99 million).

(Unaudited but reviewed)

15. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2014 and 2013 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	21,831	15,814	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	3,097	23,086	(1,980)	3,748
Income tax expense reported in the income statement	24,928	38,900	(1,980)	3,748

16. Earnings per share

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

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	104,853	66,209	14,180	(12,191)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings per share (Baht/share)	0.63	0.40	0.09	(0.07)

17. Commitments

Capital commitment

As at 31 March 2014, the Company and its subsidiaries have capital commitments as follows:

- a) The Company and its subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 1 million (31 December 2013: Baht 2 million).
- b) The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 616 million (31 December 2013: Baht 81 million).
- c) 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 March 2014, 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 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 below:

(Unaudited but reviewed)

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2015	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2015	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2021	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021	- Management fee: 10% of gross operating profit
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.5.2009 - 31.12.2019	- 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 March 2014 and 31 December 2013, future minimum payments required under these agreements were as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Payable within:				
In up to 1 year	108	112	17	22
In over 1 and up to 5 years	166	168	10	12
In over 5 years	13	15	1	2

During the three-month period ended 31 March 2014, the Company and its subsidiaries recognised rental expenses of Baht 31 million (31 March 2013: Baht 53 million) (Separate financial statements: Baht 7 million, 31 March 2013: Baht 7 million).

Investment commitment

A subsidiary entered into the Limited Partnership Agreement in respect of the 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 March 2014, the subsidiary has made capital contributions of USD 13 million to the Fund (31 December 2013: USD 13 million).

Servitude over land

As at 31 March 2014, some subsidiaries have land servitude of approximately 6 rai at Phuket province.

18. Guarantees

- a) As at 31 March 2014, there are bank guarantees amounting to Baht 48 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 (31 December 2013: Baht 47 million, Separate financial statements: Baht 3 million).
- b) As at 31 March 2014, 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).

19. Segment information

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the periods of three months ended 31 March 2014 and 2013, respectively.

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 31 March 2014

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	1,071	160	28	-	1,259
Intersegment revenues	(49)	(3)	(6)	-	(58)
Revenue from external customers	<u>1,022</u>	<u>157</u>	<u>22</u>	<u>-</u>	<u>1,201</u>
Results:					
Segment results	<u>195</u>	<u>12</u>	<u>7</u>	<u>(36)</u>	<u>178</u>
Unallocated income					4
Profit from operations and other income					182
Interest income	-	4	-	-	4
Finance cost	(23)	(12)	-	(6)	(41)
Share of loss from investments in associate	(15)	-	-	-	(15)
Profit before income tax expenses					130
Income tax expenses	(31)	(1)	(1)	8	(25)
Profit for the period					<u>105</u>

(Unit: Million Baht)

For the three-month period ended 31 March 2013

	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	1,206	101	30	-	1,337
Intersegment revenues	(62)	(3)	(8)	-	(73)
Revenue from external customers	<u>1,144</u>	<u>98</u>	<u>22</u>	<u>-</u>	<u>1,264</u>
Results:					
Segment results	<u>240</u>	<u>(23)</u>	<u>3</u>	<u>(59)</u>	<u>161</u>
Unallocated income					4
Profit from operations and other income					165
Interest income	-	7	-	-	7
Finance cost	(28)	(14)	-	(5)	(47)
Share of loss from investments in associate	(14)	(2)	-	-	(16)
Profit before income tax expenses					109
Income tax expenses	(45)	(5)	(1)	12	(39)
Profit for the period					<u>70</u>

(Unaudited but reviewed)

20. Foreign currency risk assets/liabilities

The outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currency are as follows:

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets as at		Financial liabilities as at		Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	31	31	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December	March	December
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	5	4	-	-	-	-	-	-	32.3948	32.7644

21. 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 ngarn 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 ngarn 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, and 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.

(Unaudited but reviewed)

On 28 March 2014, the Phuket Provincial Court has postponed the hearing for judgment to 30 May 2014.

22. Event after the reporting period

On 22 April 2014, the Annual General Meeting of the Company's shareholders approved the payment of a dividend from the retained earnings as at 31 December 2013 to the Company's shareholders of Baht 0.34 per share, totaling Baht 56.67 million.

24. Reclassification

Certain amounts in the financial statements for the three-month period ended 31 March 2013 have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss) or shareholders' equity. The reclassifications are as follows:

	(Unit: Thousand Baht)			
	For the three-month ended 31 March 2013			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Income statements				
Cost of hotel operations	456,053	459,221	Nil	Nil
Administrative expenses	479,085	475,917	Nil	Nil

25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2014.