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SHANGRI-LA ASIA LIMITED

香格里拉(亞洲)有限公司

(Incorporated in Bermuda with limited liability)

website: [www.ir.shangri-la.com](http://www.ir.shangri-la.com)

(Stock code: 00069)

### OVERSEAS REGULATORY ANNOUNCEMENT

Shangri-La Hotel Public Company Limited (“**SHPCL**”) is a company listed on the Stock Exchange of Thailand (“**SET**”) and a 73.61% owned subsidiary of Shangri-La Asia Limited. SHPCL released to SET an announcement (“**Announcement**”) today. The following is a reproduction of the Announcement as required by the Note to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

*As at the date hereof, the directors of Shangri-La Asia Limited are:*

*Executive directors*

*Mr KUOK Khoon Chen (Chairman)*

*Mr LUI Man Shing*

*Mr Madhu Rama Chandra RAO*

*Mr Gregory Allan DOGAN*

*Independent non-executive directors*

*Mr Alexander Reid HAMILTON*

*Mr Timothy David DATTELS*

*Professor LI Kwok Cheung Arthur*

*Dr LEE Kai-Fu*

*Non-executive directors*

*Mr HO Kian Guan*

*Ms KUOK Hui Kwong*

*Mr HO Kian Hock (alternate to Mr HO Kian Guan)*

Hong Kong, 23 February 2016

Shangri-La Hotel Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2015

## **Independent Auditor's Report**

To the Shareholders of Shangri-La Hotel Public Company Limited

I have audited the accompanying consolidated financial statements of Shangri-La Hotel Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of 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 Shangri-La Hotel 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 judgement, 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.

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 Shangri-La Hotel Public Company Limited and its subsidiaries and of Shangri-La Hotel Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Siraporn Ouaanunkun  
Certified Public Accountant (Thailand) No. 3844

EY Office Limited  
Bangkok: 23 February 2016

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,837,829,234	1,929,882,785	567,443,356	499,811,589
Current investments - fixed deposits					
with financial institutions		1,550,000,000	763,110,000	1,545,000,000	740,000,000
Trade and other receivables	8	170,011,277	180,936,792	169,624,540	180,129,771
Inventories	9	42,183,129	34,306,622	42,183,129	34,306,622
Other current assets		5,845,633	5,787,095	5,827,555	5,767,481
<b>Total current assets</b>		<b>3,605,869,273</b>	<b>2,914,023,294</b>	<b>2,330,078,580</b>	<b>1,460,015,463</b>
<b>Non-current assets</b>					
Investments in subsidiaries	10	-	-	1,303,000,000	1,303,000,000
Investments in associates	11	-	695,033	-	-
Other long-term investments					
Available-for-sale securities	12	-	70,802,745	-	70,802,745
Investments in related parties	13	369,292,124	476,822,327	-	-
Investment in other company	14	131,150,597	131,150,597	-	-
Long-term loans to and interest receivables					
from related parties	6	2,093,459,238	1,643,655,534	-	-
Property, plant and equipment	15	2,160,301,342	2,386,139,457	2,158,447,728	2,384,285,843
Intangible assets		3,078,643	3,145,761	3,078,643	3,145,761
Deferred tax assets	22	39,839,698	56,728,218	23,437,018	40,325,538
Other non-current assets		5,772,174	4,646,795	5,772,174	4,646,795
<b>Total non-current assets</b>		<b>4,802,893,816</b>	<b>4,773,786,467</b>	<b>3,493,735,563</b>	<b>3,806,206,682</b>
<b>Total assets</b>		<b>8,408,763,089</b>	<b>7,687,809,761</b>	<b>5,823,814,143</b>	<b>5,266,222,145</b>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	16	335,424,296	298,476,890	296,303,415	255,317,594
Short-term loans from related party	6	-	-	543,000,000	495,600,000
Income tax payable		57,350,107	1,961,184	55,759,696	-
Other current liabilities	17	126,995,255	121,541,550	126,994,890	121,541,550
<b>Total current liabilities</b>		<b>519,769,658</b>	<b>421,979,624</b>	<b>1,022,058,001</b>	<b>872,459,144</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	18	61,399,483	56,398,611	61,399,483	56,398,611
Rental deposits		15,784,737	15,640,637	15,784,737	15,640,637
<b>Total non-current liabilities</b>		<b>77,184,220</b>	<b>72,039,248</b>	<b>77,184,220</b>	<b>72,039,248</b>
<b>Total liabilities</b>		<b>596,953,878</b>	<b>494,018,872</b>	<b>1,099,242,221</b>	<b>944,498,392</b>
<b>Shareholders' equity</b>					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
Share premium		1,590,400,000	1,590,400,000	1,590,400,000	1,590,400,000
Retained earnings					
Appropriated-statutory reserve	19	130,000,000	130,000,000	130,000,000	130,000,000
Unappropriated		3,755,886,588	3,187,932,943	1,712,116,724	1,289,497,179
Other components of shareholders' equity		1,017,300,628	971,314,306	(7,944,802)	11,826,574
Equity attributable to owners of the Company		7,793,587,216	7,179,647,249	4,724,571,922	4,321,723,753
Non-controlling interests of the subsidiary		18,221,995	14,143,640	-	-
<b>Total shareholders' equity</b>		<b>7,811,809,211</b>	<b>7,193,790,889</b>	<b>4,724,571,922</b>	<b>4,321,723,753</b>
<b>Total liabilities and shareholders' equity</b>		<b>8,408,763,089</b>	<b>7,687,809,761</b>	<b>5,823,814,143</b>	<b>5,266,222,145</b>
		-	-	-	-

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

Directors

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from hotel operations		2,368,808,423	1,882,665,641	2,368,808,423	1,882,665,641
Other income					
Gains on sales of investment in available-for-sale securities	12	26,142,552	-	26,142,552	-
Reversal of allowance for doubtful loans to related parties	6	-	609,447,129	-	-
Interest income		76,600,977	61,896,385	36,517,952	23,532,281
Exchange gains		58,854,221	63,772,494	-	-
Others		31,641,654	36,986,736	18,935,562	17,324,338
<b>Total revenues</b>		<b>2,562,047,827</b>	<b>2,654,768,385</b>	<b>2,450,404,489</b>	<b>1,923,522,260</b>
<b>Expenses</b>					
Cost of hotel operations		759,831,578	637,453,088	759,831,578	637,453,088
Selling expenses		147,667,561	121,436,182	147,667,561	121,436,182
Administrative expenses		533,809,139	490,077,736	526,949,545	481,379,081
Depreciation and amortisation expenses		319,123,474	472,661,938	319,123,474	472,661,938
<b>Total expenses</b>		<b>1,760,431,752</b>	<b>1,721,628,944</b>	<b>1,753,572,158</b>	<b>1,712,930,289</b>
<b>Profit before share of loss from investments in associates, finance cost and income tax expenses</b>					
Share of loss from investments in associates	11	(759,960)	(781,957)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>800,856,115</b>	<b>932,357,484</b>	<b>696,832,331</b>	<b>210,591,971</b>
Finance cost	21	-	-	(47,400,000)	(1,359,000)
<b>Profit before income tax expenses</b>		<b>800,856,115</b>	<b>932,357,484</b>	<b>649,432,331</b>	<b>209,232,971</b>
Income tax expenses	22	(131,324,115)	(45,253,500)	(129,312,786)	(41,727,599)
<b>Profit for the year</b>		<b>669,532,000</b>	<b>887,103,984</b>	<b>520,119,545</b>	<b>167,505,372</b>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		207,292,534	(82,380,270)	-	-
Gain (loss) on changes in value of available-for-sale investments		(136,088,472)	(196,781,142)	5,446,364	(2,723,183)
Reversal of gains on changes in value of available-for-sale investments	12	(26,142,552)	-	(26,142,552)	-
Less: Income tax effect	22	4,139,238	544,637	4,139,238	544,637
Net other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		49,200,748	(278,616,775)	(16,556,950)	(2,178,546)
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial loss	18	(4,018,032)	-	(4,018,032)	-
Less: Income tax effect	22	803,606	-	803,606	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(3,214,426)	-	(3,214,426)	-
<b>Other comprehensive income for the year</b>		<b>45,986,322</b>	<b>(278,616,775)</b>	<b>(19,771,376)</b>	<b>(2,178,546)</b>
<b>Total comprehensive income for the year</b>		<b>715,518,322</b>	<b>608,487,209</b>	<b>500,348,169</b>	<b>165,326,826</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		665,453,645	881,388,875	520,119,545	167,505,372
Non-controlling interests of the subsidiary		4,078,355	5,715,109		
		<u>669,532,000</u>	<u>887,103,984</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		711,439,967	602,772,100	500,348,169	165,326,826
Non-controlling interests of the subsidiary		4,078,355	5,715,109		
		<u>715,518,322</u>	<u>608,487,209</u>		
<b>Earnings per share</b>					
Basic earnings per share	23				
Profit attributable to equity holders of the Company		<u>5.12</u>	<u>6.78</u>	<u>4.00</u>	<u>1.29</u>

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



**Shangri-La Hotel Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the year ended 31 December 2015**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Cash flows from operating activities</b>					
Profit before tax		800,856,115	932,357,484	649,432,331	209,232,971
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		319,123,474	472,661,938	319,123,474	472,661,938
Allowance for doubtful accounts (reversal)		237,014	(309,075)	237,014	(309,075)
Reduce cost of inventories to net realisable value (reversal)		(7,842)	243,912	(7,842)	243,912
Reversal of allowance for doubtful loans to related parties	6	-	(609,447,129)	-	-
Reversal of allowance for interest receivables		-	-	(5,446,350)	(7,338,240)
Loss (gain) on sales of plant and equipments		936,279	(563,964)	936,279	(563,964)
Gains on sales of investment in available-for-sale securities	12	(26,142,552)	-	(26,142,552)	-
Share of loss from investments in associates	11	759,960	781,957	-	-
Provision for long-term employee benefits		6,580,520	6,503,898	6,580,520	6,503,898
Exchange losses (gains)		(192,581,776)	(17,489,453)	47,400,000	1,048,000
Dividend income		(15,761,618)	(20,845,251)	-	(1,524,982)
Interest income		(76,600,977)	(61,896,385)	(36,517,952)	(23,532,281)
Profit from operating activities before changes in operating assets and liabilities		817,398,597	701,997,932	955,594,922	656,422,177
Operating assets (increase) decrease					
Trade and other receivables		18,127,452	7,517,998	18,127,452	7,517,997
Inventories		(7,868,665)	(274,926)	(7,868,665)	(274,926)
Other current assets		(17,271)	2,815,399	(17,271)	2,806,211
Other non-current assets		(1,125,379)	368,453	(1,125,379)	368,453
Operating liabilities increase (decrease)					
Trade and other payables		32,169,345	(74,101,416)	36,218,228	(67,630,991)
Other current liabilities		5,453,704	12,547,898	5,453,337	12,078,170
Provision for long-term employee benefits		(5,597,680)	(1,037,250)	(5,597,680)	(1,037,250)
Other non-current liabilities		144,101	(2,163,374)	144,101	(2,163,374)
Cash flows from operating activities		858,684,204	647,670,714	1,000,929,045	608,086,467
Cash received (paid) for corporate income tax		(54,145,096)	(2,495,514)	(51,764,528)	238,287
<b>Net cash flows from operating activities</b>		<b>804,539,108</b>	<b>645,175,200</b>	<b>949,164,517</b>	<b>608,324,754</b>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Cash flows from investing activities</b>					
Cash paid for short-term investments - net		(786,890,000)	(763,110,000)	(805,000,000)	(740,000,000)
Proceeds from sales of investment in available-for-sale securities	12	76,249,110	-	76,249,110	-
Net cash received from purchases of investment in subsidiary		10,467	-	-	-
Loans to related parties		(425,242,981)	(277,721,206)	-	(3,168,887)
Cash received from loans to and interest receivables from related parties		160,443,166	607,297,531	5,446,350	176,083,990
Cash received from interest income		42,670,354	33,803,320	28,658,717	20,076,110
Dividend income		15,761,618	20,845,251	-	1,524,982
Acquisitions of plant and equipment		(90,656,086)	(69,114,522)	(90,656,086)	(69,114,522)
Proceeds from sales of plant and equipment		1,269,159	633,518	1,269,159	633,518
<b>Net cash flows used in investing activities</b>		<b>(1,006,385,193)</b>	<b>(447,366,108)</b>	<b>(784,032,750)</b>	<b>(613,964,809)</b>
<b>Cash flows from financing activities</b>					
Dividend paid	26	(97,500,000)	(195,000,000)	(97,500,000)	(195,000,000)
<b>Net cash flows used in financing activities</b>		<b>(97,500,000)</b>	<b>(195,000,000)</b>	<b>(97,500,000)</b>	<b>(195,000,000)</b>
<b>Increase (decrease) in translation adjustments</b>		<b>207,292,534</b>	<b>(82,380,270)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(92,053,551)</b>	<b>(79,571,178)</b>	<b>67,631,767</b>	<b>(200,640,055)</b>
Cash and cash equivalents at beginning of year		1,929,882,785	2,009,453,963	499,811,589	700,451,644
<b>Cash and cash equivalents at end of year</b>		<b>1,837,829,234</b>	<b>1,929,882,785</b>	<b>567,443,356</b>	<b>499,811,589</b>
		-	-	-	-
<b>Supplemental cash flow information</b>					
Non-cash transactions					
Payable from purchases of plant and equipment		9,565,718	4,798,124	9,565,718	4,798,124

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
				Other components of equity								
				Other comprehensive income								
				Exchange	Surplus on changes in value		Actuarial loss	Total other	Total equity	Equity attributable	Total	
				differences on	of available-for-sale investments		on defined	components of	attributable to	to non-controlling	shareholders'	
Issued and		Retained earnings		translation of	Other	Related	employee	shareholders'	owners of	interests of	Total	
share capital	Share premium	Appropriated	Unappropriated	financial	company	company	benefit plans	equity	the Company	the subsidiary	shareholders' equity	
fully paid-up	Share premium	Appropriated	Unappropriated	statements in	foreign currency	of available-for-sale investments	on defined	components of	attributable to	to non-controlling	Total	
share capital	Share premium	Appropriated	Unappropriated	statements in	foreign currency	Other	Related	employee	shareholders'	owners of	interests of	
share capital	Share premium	Appropriated	Unappropriated	statements in	foreign currency	Other	Related	employee	shareholders'	owners of	interests of	
<b>Balance as at 1 January 2014</b>	1,300,000,000	1,590,400,000	130,000,000	2,501,544,068	920,876,568	18,735,496	315,049,393	(4,730,376)	1,249,931,081	6,771,875,149	8,428,531	6,780,303,680
Profit for the year	-	-	-	881,388,875	-	-	-	-	-	881,388,875	5,715,109	887,103,984
Other comprehensive income for the year	-	-	-	-	(82,380,270)	(2,178,546)	(194,057,959)	-	(278,616,775)	(278,616,775)	-	(278,616,775)
Total comprehensive income for the year	-	-	-	881,388,875	(82,380,270)	(2,178,546)	(194,057,959)	-	(278,616,775)	602,772,100	5,715,109	608,487,209
Dividend paid (Note 26)	-	-	-	(195,000,000)	-	-	-	-	-	(195,000,000)	-	(195,000,000)
<b>Balance as at 31 December 2014</b>	<b>1,300,000,000</b>	<b>1,590,400,000</b>	<b>130,000,000</b>	<b>3,187,932,943</b>	<b>838,496,298</b>	<b>16,556,950</b>	<b>120,991,434</b>	<b>(4,730,376)</b>	<b>971,314,306</b>	<b>7,179,647,249</b>	<b>14,143,640</b>	<b>7,193,790,889</b>
<b>Balance as at 1 January 2015</b>	1,300,000,000	1,590,400,000	130,000,000	3,187,932,943	838,496,298	16,556,950	120,991,434	(4,730,376)	971,314,306	7,179,647,249	14,143,640	7,193,790,889
Profit for the year	-	-	-	665,453,645	-	-	-	-	-	665,453,645	4,078,355	669,532,000
Other comprehensive income for the year	-	-	-	-	207,292,534	(16,556,950)	(141,534,836)	(3,214,426)	45,986,322	45,986,322	-	45,986,322
Total comprehensive income for the year	-	-	-	665,453,645	207,292,534	(16,556,950)	(141,534,836)	(3,214,426)	45,986,322	711,439,967	4,078,355	715,518,322
Dividend paid (Note 26)	-	-	-	(97,500,000)	-	-	-	-	-	(97,500,000)	-	(97,500,000)
<b>Balance as at 31 December 2015</b>	<b>1,300,000,000</b>	<b>1,590,400,000</b>	<b>130,000,000</b>	<b>3,755,886,588</b>	<b>1,045,788,832</b>	<b>-</b>	<b>(20,543,402)</b>	<b>(7,944,802)</b>	<b>1,017,300,628</b>	<b>7,793,587,216</b>	<b>18,221,995</b>	<b>7,811,809,211</b>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Separate financial statements							
					Other components of equity			
					Other comprehensive income			
					Surplus		Total other	
	Issued and fully paid-up share capital	Share premium	Retained earnings		on changes in value of available-for-sale investments	Actuarials loss on defined employee benefit plans	components of shareholders' equity	Total shareholders' equity
		Appropriated	Unappropriated					
<b>Balance as at 1 January 2014</b>	1,300,000,000	1,590,400,000	130,000,000	1,316,991,807	18,735,496	(4,730,376)	14,005,120	4,351,396,927
Profit for the year	-	-	-	167,505,372	-	-	-	167,505,372
Other comprehensive income for the year	-	-	-	-	(2,178,546)	-	(2,178,546)	(2,178,546)
Total comprehensive income for the year	-	-	-	167,505,372	(2,178,546)	-	(2,178,546)	165,326,826
Dividend paid (Note 26)	-	-	-	(195,000,000)	-	-	-	(195,000,000)
<b>Balance as at 31 December 2014</b>	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>1,289,497,179</u>	<u>16,556,950</u>	<u>(4,730,376)</u>	<u>11,826,574</u>	<u>4,321,723,753</u>
<b>Balance as at 1 January 2015</b>	1,300,000,000	1,590,400,000	130,000,000	1,289,497,179	16,556,950	(4,730,376)	11,826,574	4,321,723,753
Profit for the year	-	-	-	520,119,545	-	-	-	520,119,545
Other comprehensive income for the year	-	-	-	-	(16,556,950)	(3,214,426)	(19,771,376)	(19,771,376)
Total comprehensive income for the year	-	-	-	520,119,545	(16,556,950)	(3,214,426)	(19,771,376)	500,348,169
Dividend paid (Note 26)	-	-	-	(97,500,000)	-	-	-	(97,500,000)
<b>Balance as at 31 December 2015</b>	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>1,712,116,724</u>	<u>-</u>	<u>(7,944,802)</u>	<u>(7,944,802)</u>	<u>4,724,571,922</u>

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

## Shangri-La Hotel Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2015

#### 1. General information

Shangri-La Hotel Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Shangri-La Asia Limited, which was incorporated in Hong Kong. The Company is principally engaged in hotel operations in Bangkok and Chiang Mai provinces. The registered office of the Company is at No. 89, Soi Wat Suan Plu, Charoenkrung Road, Bangrak, Bangkok, Bangkok.

#### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions 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 Shangri-La Hotel Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015	2014
			Percent	Percent
<b><u>Subsidiary held directly by the Company</u></b>				
Town Development Company Limited	Holding investment	Thailand	100.00	100.00
<b><u>Subsidiaries held through its subsidiaries</u></b>				
Apizaco Limited	Holding investment	Hong Kong	100.00	100.00
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	100.00	100.00
Zukerman Limited	Holding investment	British Virgin	100.00	100.00
TRR-Kerry Development Company Limited	Holding investment	Thailand	57.33	57.33
Traders Hotel and Resort Limited	Hotel business	Thailand	100.00	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies 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.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) 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 profit or loss 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 financial reporting standards**

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

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements. However, some of these standards involve changes to key principles, which are summarised below:

### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 *Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

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

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

The management of the Company and its subsidiaries believes that these standards will not have any impact on the Company and its subsidiaries' financial statements.

## **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

## **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

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

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Revenues from hotel and restaurant operations*

Revenues from hotel and restaurant operations mainly comprise of room sales, food and beverage sales and revenues from auxiliary activities, and represent the invoiced value, excluding value added tax, of goods delivered and services rendered after deducting discounts and service charges.

#### *Interest income*

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

#### *Dividends*

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



## **4.2 Cash and cash equivalents**

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

## **4.3 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.

## **4.4 Inventories**

Inventories are valued at the lower of cost (under the weighted average method) and net realizable value.

## **4.5 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 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.

#### **4.6 Property, plant and equipment/Depreciation**

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

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

Buildings	-	20 - 40 years
Machinery and building equipment	-	10 - 15 years
Furniture, fixtures and equipment	-	5 years
Computer	-	3 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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.

#### **4.7 Intangible assets**

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible asset, computer software are 3 and 5 years.

#### **4.8 Related party transactions**

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

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

#### **4.9 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of 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 rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.10 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries performs 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 carries 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.

An impairment loss is recognised in profit or loss.

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 estimates 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.

#### **4.11 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 benefit plans and other long-term employee benefits*

The Company and its subsidiaries have obligations in respect of the severance payments it 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 benefit plan, 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.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

#### **4.12 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.

#### **4.13 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.

### **4.14 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. 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:

### **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.

### **Impairment of equity investments**

The Company and its subsidiaries treats 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.

### **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 estimate useful lives and residual values when there are any changes.

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 their 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.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused 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.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	-	3	At a rate of LIBOR 1 month plus 2.05 percent per annum
<u>Transactions with associated companies</u>					
Interest income	26	28	-	-	At rates of 0.56 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	15	15	15	15	Normal business price
Dividend income	5	4	-	-	As announcement
Management fees	76	62	76	62	Contract price
Marketing and promotion fees	24	19	24	19	Contract price
Advertising and reservation fees	18	10	18	10	Contract price

The balances of the accounts between the Company and these related companies as at 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b><u>Other receivables - related parties (Note 8)</u></b>				
<b>Associated company</b>				
Traders Yangon Company Limited	2,218	2,867	2,218	2,867
<b>Related companies</b>				
Others	851	1,640	851	1,640
Total other receivables - related parties	3,069	4,507	3,069	4,507
<b><u>Interest receivables from related party</u></b>				
<b>Subsidiary</b>				
TRR-Kerry Development Company Limited	-	-	51,150	56,596
Less: Allowance for doubtful interest receivables	-	-	(51,150)	(56,596)
Total interest receivables from related party - net	-	-	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b><u>Long-term loans to and interest receivables</u></b>				
<b><u>from related parties</u></b>				
<b>Associated companies</b>				
<b>Non-interest bearing</b>				
Traders Square Company Limited	48,932	44,664	-	-
Shangri-La Yangon Company Limited	-	20,949	-	-
	<u>48,932</u>	<u>65,613</u>	<u>-</u>	<u>-</u>
<b>Interest bearing</b>				
Shangri-La Yangon Company Limited	789,336	833,144	-	-
Traders Yangon Company Limited	546,567	493,295	-	-
Traders Square Company Limited	708,624	251,604	-	-
	<u>2,044,527</u>	<u>1,578,043</u>	<u>-</u>	<u>-</u>
Total long-term loans to and interest receivables from related parties	<u>2,093,459</u>	<u>1,643,656</u>	<u>-</u>	<u>-</u>

The above interest bearing loans carry interest at the rates of 0.56 to 2.05 percent per annum.

During the year 2014, the management of the subsidiary had reversed allowance for doubtful loans and interest receivables from Traders Yangon Company Limited of Baht 609 million since there have been changes in the economy circumstance which cause the previous impairment indicators ceased.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b><u>Other payables - related parties (Note 16)</u></b>				
<b>Related companies</b>				
Shangri-La International Hotel Management Limited	14,393	11,149	14,393	11,149
Shangri-La International Hotel Management BV	10,528	10,701	10,528	10,701
Others	1,213	-	1,213	-
Total other payables - related parties	<u>26,134</u>	<u>21,850</u>	<u>26,134</u>	<u>21,850</u>
<b><u>Short-term loan from related party</u></b>				
<b>Subsidiary</b>				
Hasfield Holdings Pte., Ltd.	-	-	543,000	495,600
	<u>-</u>	<u>-</u>	<u>543,000</u>	<u>495,600</u>



The above loans are repayable on demand and no interest bearing.

During the current year, movements of loans to and interest receivables from related parties and loans from related parties were as follows:

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 31 December 2015
	Balance	Increase	Decrease	Gain on	
	as at	during	during	exchange	
	1 January 2015	the year	the year		
<b><u>Interest receivables from related party</u></b>					
<b>Subsidiary</b>					
TRR-Kerry Development Company Limited	56,596	-	(5,446)	-	51,150
Total interest receivables from related party	56,596	-	(5,446)	-	51,150

(Unit: Thousand Baht)

	Consolidated financial statements				Balance as at 31 December 2015
	Balance	Increase	Decrease	Gain on	
	as at	during	during	exchange	
	1 January 2015	the year	the year		
<b><u>Long-term loans to and interest receivables</u></b>					
<b><u>from related parties</u></b>					
<b>Associated companies</b>					
<b>Non-interest bearing</b>					
Traders Square Company Limited	44,664	-	-	4,268	48,932
Shangri-La Yangon Company Limited	20,949	-	(22,951)	2,002	-
<b>Interest bearing</b>					
Shangri-La Yangon Company Limited	833,144	13,342	(137,493)	80,343	789,336
Traders Yangon Company Limited	493,295	5,815	-	47,457	546,567
Traders Square Company Limited	251,604	432,578	-	24,442	708,624
Total long-term loans to and interest receivables from related parties	1,643,656	451,735	(160,444)	158,512	2,093,459

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 31 December 2015
	Balance	Increase	Decrease	Loss on	
	as at	during the year	during the year	exchange	
	1 January 2015				
<b><u>Short-term loans from related party</u></b>					
<b>Subsidiary</b>					
Hasfield Holdings Pte.,Ltd.	495,600	-	-	47,400	543,000
Total short-term loans from related party	495,600	-	-	47,400	543,000

### Directors and management's benefits

During the year ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2015</u>	<u>2014</u>
Short-term employee benefits	52,033	49,247
Post-employment benefits	3,404	3,604
Total	<u>55,437</u>	<u>52,851</u>

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 27.2 to the financial statements.

## **7. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash	6,208	6,594	6,143	6,594
Bank deposits	1,831,621	1,923,289	561,300	493,218
Total	<u>1,837,829</u>	<u>1,929,883</u>	<u>567,443</u>	<u>499,812</u>

As at 31 December 2015, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 2.00 percent per annum (2014: between 0.10 and 2.55 percent per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	135,954	150,543	135,954	150,543
120 - 180 days	2,462	481	2,462	481
Over 180 days	865	560	865	560
Total	139,281	151,584	139,281	151,584
Less: Allowance for doubtful debts	(967)	(730)	(967)	(730)
Total trade receivables - unrelated parties, net	138,314	150,854	138,314	150,854
<u>Other receivables</u>				
Other receivables - related parties	3,069	4,507	3,069	4,507
Other receivables - unrelated parties	15,612	13,993	15,226	13,186
Prepaid expenses	13,016	11,583	13,016	11,583
Total other receivables	31,697	30,083	31,311	29,276
Total trade and other receivables - net	170,011	180,937	169,625	180,130

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Food and beverages	11,425	10,288	-	-	11,425	10,288
Operating equipment	14,549	10,339	(423)	(550)	14,126	9,789
General supplies	11,830	8,557	(108)	(82)	11,722	8,475
Engineering tools, spare parts and supplies	6,238	6,990	(1,328)	(1,235)	4,910	5,755
Total	44,042	36,174	(1,859)	(1,867)	42,183	34,307

During the current year, the Company reduced cost of inventories by Baht 0.2 million (2014: Baht 0.2 million), to reflect the net realisable value. This was included in cost of hotel operations. In addition, the Company reversed the write-down of cost of inventories by Baht 0.2 million (2014: Nil), and recorded as a reduction to the amount of inventories recognised as expenses during the year.

## 10. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2015	2014	2015	2014	2015	2014
			(Percent)	(Percent)		
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100	100	1,303,000	1,303,000
Total investments in subsidiary					<u>1,303,000</u>	<u>1,303,000</u>

(Unit: Thousand Baht)

The Company's subsidiaries held through its subsidiaries are summarised below.

Company's name	Nature of business	Country of incorporation	Paid-up capital		Percentage of shareholding	
			2015	2014	2015	2014
				(Percent)	(Percent)	
<b><u>Subsidiaries held through Town Development Company Limited</u></b>						
TRR-Kerry Development Company Limited	Holding investment	Thailand	Baht 231 million	Baht 231 million	57.33	57.33
Apizaco Limited	Holding investment	Hong Kong	HKD 206 million	HKD 206 million	100.00	100.00
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	SGD 34 million	SGD 34 million	100.00	100.00
Traders Hotel and Resort Limited	Hotel business	Thailand	Baht 0.2 million	-	100.00	-
<b><u>Subsidiary held through Apizaco Limited</u></b>						
Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00

### Investment in Traders Hotel and Resort Limited

On 28 August 2015, the board of directors' meeting of Town Development Company Limited approved a resolution to acquire shares of Traders Hotel and Resort Limited from Kerry (Thailand) Company Limited, which is related company, for a total consideration of Baht 60,000 (2,000 ordinary shares at the par value of Baht 30 each), which is equivalent to the net book value as at 31 July 2015 (representing 100 percent of investment in that company). The shares were transferred to the subsidiary on 28 August 2015.

## 10.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Thousand Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Percent)	(Percent)				
TRR-Kerry Development Company Limited	42.67	42.67	18,222	14,144	4,078	5,715

## 10.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary (TRR-Kerry Development Company Limited) that have material non-controlling

### Summarised information about financial position

(Unit: Thousand Baht)

	<u>2015</u>	<u>2014</u>
Current assets	1,336	1,277
Non-current assets	131,151	131,151
Current liabilities	89,782	99,282

### Summarised information about comprehensive income

(Unit: Thousand Baht)

For the year ended 31 December

	<u>2015</u>	<u>2014</u>
Revenue	10,676	14,940
Profit	9,558	13,394
Total comprehensive income	9,558	13,394

### Summarised information about cash flow

(Unit: Thousand Baht)

For the year ended 31 December

	<u>2015</u>	<u>2014</u>
Cash flow from operating activities	(10,617)	(12,863)
Cash flow from investing activities	10,680	13,446
Net increase in cash and cash equivalents	<u>63</u>	<u>583</u>

## 11. Investments in associates

### 11.1 Details of 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	
			<u>2015</u> (Percent)	<u>2014</u> (Percent)	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Associated companies (owned by Zukerman Limited)</b>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	32,241	29,429	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	19,057	17,395	-	-
Traders Square Company Limited	Not yet operated	Myanmar	23.56	23.56	760	695	-	695
Total					<u>52,058</u>	<u>47,519</u>	<u>-</u>	<u>695</u>

### 11.2 Share of comprehensive income

During the years, the Company has recognised its share of loss from investments in associate companies in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Share of loss from investments in associates during the year	
	<u>2015</u>	<u>2014</u>
Traders Square Company Limited	760	(3)
Shangri-La Yangon Company Limited	-	785
Total	<u>760</u>	<u>782</u>

### 11.3 Summarised financial information of associates

Financial information of the associated companies is summarised below.

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at 31 December		as at 31 December		as at 31 December		for the year ended		for the year ended	
	2015	2014	2015	2014	2015	2014	31 December		31 December	
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	3,115,498	2,847,131	4,847,107	4,493,288	979,377	1,089,633	74,232	91,281
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	4,649,096	5,119,534	4,958,874	5,231,348	599,187	351,446	(175,901)	(115,468)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	3,387,583	1,356,306	3,390,598	1,353,355	-	-	(5,925)	-

### 11.4 Investment in associates with capital deficit

The Company recognised share of losses from investment in 3 associates, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

Company's name	Unrecognised share of gains (losses)			
	Share of gains (losses)		Cumulative share	
	for the years ended		of losses up to	
	31 December		31 December	
	2015	2014	2015	2014
Traders Yangon Company Limited	17,467	23,085	(397,885)	(415,352)
Shangri-La Yangon Company Limited	(39,085)	(24,473)	(63,558)	(24,473)
Traders Square Company Limited	(686)	-	(686)	-
<b>Total</b>	<b>(22,304)</b>	<b>(1,388)</b>	<b>(462,129)</b>	<b>(439,825)</b>

## 12. Investments in available-for-sale securities

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2015</u>	<u>2014</u>
Cost - Ordinary shares of Post Publishing Public Company Limited	-	50,107
Add: Unrealised gain on changes in value of investments	-	20,696
Fair value	<u>-</u>	<u>70,803</u>

In May 2015, the Company disposed of all ordinary shares of Post Publishing Public Company Limited, of which the fair value as at the disposal date amounted to Baht 76 million. The Company reversed gains on changes in value of available-for-sale investment in other comprehensive income in the shareholders' equity and recognised gains on sales of investment in available-for-sale securities of Baht 26 million as other income in the statement of comprehensive income.

## 13. Investments in related parties

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2015</u>	<u>2014</u>
Cost - Ordinary shares of Shangri-La Asia Limited	389,835	355,831
Add: Unrealised gain (loss) on changes in value of investments	(20,543)	120,991
Fair value	<u>369,292</u>	<u>476,822</u>

## 14. Investments in other company - Net

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2015</u>	<u>2014</u>
Cost - Ordinary shares of Don Muang Tollway Public Company Limited	213,164	213,164
Less: Allowance for loss on diminution in value of investments	(82,013)	(82,013)
Investments in other company, net	<u>131,151</u>	<u>131,151</u>



## 15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures and equipment	Operating equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>								
1 January 2014	495,363	3,381,247	1,150,016	3,566,052	101,857	8,029	20,557	8,723,121
Additions	-	-	4,333	16,737	5	-	34,912	55,987
Disposals	-	-	(327)	(14,963)	-	-	-	(15,290)
Transfers in (out)	-	8,821	5,230	40,019	(65)	-	(54,005)	-
31 December 2014	495,363	3,390,068	1,159,252	3,607,845	101,797	8,029	1,464	8,763,818
Additions	-	526	3,029	40,476	-	-	49,004	93,035
Disposals	-	(3,578)	(2,033)	(13,421)	(4,517)	-	-	(23,549)
Transfers in (out)	-	-	18,595	21,590	-	-	(40,185)	-
31 December 2015	495,363	3,387,016	1,178,843	3,656,490	97,280	8,029	10,283	8,833,304
<b>Accumulated depreciation:</b>								
1 January 2014	-	1,936,878	821,342	3,061,963	95,844	7,094	-	5,923,121
Depreciation for the year	-	106,745	67,329	292,681	2,403	620	-	469,778
Depreciation on disposals	-	-	(327)	(14,893)	-	-	-	(15,220)
31 December 2014	-	2,043,623	888,344	3,339,751	98,247	7,714	-	6,377,679
Depreciation for the year	-	106,927	68,381	139,705	1,536	118	-	316,667
Depreciation on disposals	-	(1,378)	(2,033)	(13,415)	(4,517)	-	-	(21,343)
31 December 2015	-	2,149,172	954,692	3,466,041	95,266	7,832	-	6,673,003
<b>Net book value:</b>								
31 December 2014	495,363	1,346,445	270,908	268,094	3,550	315	1,464	2,386,139
31 December 2015	495,363	1,237,844	224,151	190,449	2,014	197	10,283	2,160,301

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures and equipment	Operating equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>								
1 January 2014	493,509	3,381,247	1,150,016	3,566,052	101,857	8,029	20,557	8,721,267
Additions	-	-	4,333	16,737	5	-	34,912	55,987
Disposals	-	-	(327)	(14,963)	-	-	-	(15,290)
Transfers in (out)	-	8,821	5,230	40,019	(65)	-	(54,005)	-
31 December 2014	493,509	3,390,068	1,159,252	3,607,845	101,797	8,029	1,464	8,761,964
Additions	-	526	3,029	40,476	-	-	49,004	93,035
Disposals	-	(3,578)	(2,033)	(13,421)	(4,517)	-	-	(23,549)
Transfers in (out)	-	-	18,595	21,590	-	-	(40,185)	-
31 December 2015	493,509	3,387,016	1,178,843	3,656,490	97,280	8,029	10,283	8,831,450
<b>Accumulated depreciation:</b>								
1 January 2014	-	1,936,878	821,342	3,061,963	95,844	7,094	-	5,923,121
Depreciation for the year	-	106,745	67,329	292,681	2,403	620	-	469,778
Depreciation on disposals	-	-	(327)	(14,893)	-	-	-	(15,220)
31 December 2014	-	2,043,623	888,344	3,339,751	98,247	7,714	-	6,377,679
Depreciation for the year	-	106,927	68,381	139,705	1,536	118	-	316,667
Depreciation on disposals	-	(1,378)	(2,033)	(13,415)	(4,517)	-	-	(21,343)
31 December 2015	-	2,149,172	954,692	3,466,041	95,266	7,832	-	6,673,003
<b>Net book value:</b>								
31 December 2014	493,509	1,346,445	270,908	268,094	3,550	315	1,464	2,384,285
31 December 2015	493,509	1,237,844	224,151	190,449	2,014	197	10,283	2,158,447

As at 31 December 2015, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated of those assets amounted to approximately Baht 4,665 million (2014: Baht 3,510 million).

## 16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade payables - unrelated parties	104,903	98,844	104,903	98,844
Other payables - related parties	26,134	21,850	26,134	21,850
Other payables - unrelated parties	15,062	14,099	15,062	14,099
Interest payables to minority shareholders of subsidiary	38,538	42,591	-	-
Construction payables	9,566	4,798	9,566	4,798
Retention payables	4,014	4,983	4,014	4,983
Accrued expenses	137,207	111,312	136,624	110,744
<b>Total trade and other payables</b>	<b><u>335,424</u></b>	<b><u>298,477</u></b>	<b><u>296,303</u></b>	<b><u>255,318</u></b>

## 17. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Advances from customers	87,036	79,761	87,036	79,761
Others	39,959	41,781	39,959	41,781
<b>Total other current liabilities</b>	<b><u>126,995</u></b>	<b><u>121,542</u></b>	<b><u>126,995</u></b>	<b><u>121,542</u></b>

## 18. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2015 and 2014, which is compensations on employees' retirement and other long-term employee benefits, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Post-employment		Other long-term		Total	
	benefits from		employee benefits			
	employee's retirement		plan			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Defined benefit obligation at beginning of year</b>	49,186	44,519	7,213	6,413	56,399	50,932
<i>Included in profit or loss:</i>						
Current service cost	4,301	4,156	653	631	4,954	4,787
Interest cost	1,724	1,548	171	169	1,895	1,717
Actuarial (gain) loss arising from						
Financial assumptions changes	-	-	208	-	208	-
Experience adjustments	-	-	(477)	-	(477)	-
<i>Included in other comprehensive income:</i>						
Actuarial loss arising from						
Financial assumptions changes	3,722	-	-	-	3,722	-
Experience adjustments	296	-	-	-	(296)	-
<i>Benefits paid during the year</i>	<u>(3,538)</u>	<u>(1,037)</u>	<u>(2,060)</u>	<u>-</u>	<u>(5,598)</u>	<u>(1,037)</u>
<b>Defined benefit obligation at end of year</b>	<u>55,691</u>	<u>49,186</u>	<u>5,708</u>	<u>7,213</u>	<u>61,399</u>	<u>56,399</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Post-employment		Other long-term		Total	
	benefits plan		employee benefits plan			
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Cost of hotel operations	3,076	2,912	421	597	3,497	3,509
Selling and administrative expenses	2,950	2,792	133	203	3,083	2,995
<b>Total expenses recognised in profit or loss</b>	<u>6,026</u>	<u>5,704</u>	<u>554</u>	<u>800</u>	<u>6,580</u>	<u>6,504</u>

The Company expect to pay Baht 3 million of long-term employee benefits during the next year (2014: Baht 6 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2014: 10 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	<u>2015</u>	<u>2014</u>
	(% per annum)	(% per annum)
Discount rate	2.75	3.50
Future salary increase rate	4.00 - 5.00	4.00 - 5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(3)	3
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	6	(5)

## 19. Statutory reserve

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

## 20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Salaries and wages and other employee benefits	486,697	440,253	486,697	440,253
Depreciation and amortization expenses	319,123	472,662	319,123	472,662
Direct cost of food and beverage	263,586	221,831	263,586	221,831
Other direct cost of hotel operations	244,349	196,794	244,349	196,794
Utilities expenses	148,700	150,623	148,700	150,623
Management fees	76,260	62,103	76,260	62,103
Advertising and promotion expenses	75,452	56,934	75,452	56,934
Maintenance expenses	54,167	45,304	54,167	45,304

## 21. Finance cost

Finance cost for the year ended 31 December 2015 and 2014 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Unrealised loss on exchange rate on short-term loan from related parties	-	-	(47,400)	(1,359)
Total	-	-	(47,400)	(1,359)

## 22. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current corporate income tax charge	(109,493)	(3,526)	(107,482)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(21,831)	(41,728)	(21,831)	(41,728)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>(131,324)</u>	<u>(45,254)</u>	<u>(129,313)</u>	<u>(41,728)</u>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to loss on changes in value of available-for-sale investments	4,139	545	4,139	545
Deferred tax relating to actuarial loss	804	-	804	-
	<u>4,943</u>	<u>545</u>	<u>4,943</u>	<u>545</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accounting profit before tax	<u>800,856</u>	<u>932,357</u>	<u>649,432</u>	<u>209,233</u>
Income tax at Thai corporate income tax rate of 20 percent	160,171	186,471	129,886	41,847
Difference in tax rate in group companies	(3,607)	(342)	-	-
Effects of:				
Exemption of income	(18,845)	(141,062)	-	(305)
Non-deductible expenses	(291)	405	(291)	403
Additional expense deductions allowed	(456)	(418)	(456)	(417)
Others	(5,648)	200	174	200
Total	<u>(25,240)</u>	<u>(140,875)</u>	<u>(573)</u>	<u>(119)</u>
Income tax expense reported in the statement of comprehensive income	<u>131,324</u>	<u>45,254</u>	<u>129,313</u>	<u>41,728</u>

The tax rate enacted at the end of the reporting period of the subsidiaries in overseas countries are 0 percent to 17 percent.

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Deferred tax assets</b>				
Allowance for doubtful interest receivables on loan	10,230	11,319	10,230	11,319
Allowance for diminution in value of inventories	372	374	372	374
Allowance for impairment of investment in other company	16,402	16,402	-	-
Allowance for doubtful accounts	193	146	193	146
Provision for long-term employee benefits	11,476	10,097	11,476	10,097
Actuarial loss on defined employee benefit plans	804	1,183	804	1,183
Provisions and other accruals	362	67	362	67
Unused tax loss	-	21,279	-	21,279
<b>Total</b>	<b>39,839</b>	<b>60,867</b>	<b>23,437</b>	<b>44,465</b>
<b>Deferred tax liabilities</b>				
Gain on changes in value of available-for-sale investments	-	(4,139)	-	(4,139)
<b>Total</b>	<b>-</b>	<b>(4,139)</b>	<b>-</b>	<b>(4,139)</b>
<b>Deferred tax assets - net</b>	<b>39,839</b>	<b>56,728</b>	<b>23,437</b>	<b>40,326</b>

### 23. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

The following table sets forth the computation of basic earnings per share.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the year (Thousand Baht)	665,454	881,389	520,120	167,505
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	5.12	6.78	4.00	1.29



## **24. 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 services and have 2 reportable segments as follows:

- (1) Hotel business
- (2) Holding investment

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 2015 and 2014, respectively.

(Unit: Million Baht)

	Hotel business						Total segments		Adjustments and eliminations		Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai		Holding Investment							
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>												
External customers	1,873	1,464	496	419	-	-	2,369	1,883	-	-	2,369	1,883
Total revenues	<u>1,873</u>	<u>1,464</u>	<u>496</u>	<u>419</u>	<u>-</u>	<u>-</u>	<u>2,369</u>	<u>1,883</u>	<u>-</u>	<u>-</u>	<u>2,369</u>	<u>1,883</u>
<b>Operating results</b>												
Segment gross profit	1,264	961	345	285	-	-	1,609	1,246	-	-	1,609	1,246
Interest income	36	23	1	-	43	45	80	68	(3)	(6)	77	62
Reversal of allowance for doubtful loans to related parties	-	-	-	-	-	609	-	609	-	-	-	609
Other income	46	16	-	2	72	84	118	102	(1)	(1)	117	101
Depreciation and amortisation expenses	(212)	(367)	(107)	(106)	-	-	(319)	(473)	-	-	(319)	(473)
Share of loss from investments in associates	-	-	-	-	(1)	(1)	(1)	(1)	-	-	(1)	(1)
Non-controlling interest of the subsidiary	-	-	-	-	(4)	(6)	(4)	(6)	-	-	(4)	(6)
Income tax expenses	(129)	(41)	-	-	(2)	(4)	(131)	(45)	-	-	(131)	(45)
<b>Segment profit</b>	<b>458</b>	<b>152</b>	<b>62</b>	<b>16</b>	<b>152</b>	<b>719</b>	<b>672</b>	<b>887</b>	<b>(7)</b>	<b>(6)</b>	<b>665</b>	<b>881</b>
<b>Segment total assets</b>	<b>3,602</b>	<b>2,931</b>	<b>919</b>	<b>1,032</b>	<b>5,214</b>	<b>5,044</b>	<b>9,735</b>	<b>9,007</b>	<b>(1,326)</b>	<b>(1,319)</b>	<b>8,409</b>	<b>7,688</b>

## Major customers

For the year 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## 25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salaries. The fund, which is managed by Finansa Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2015, the Company contributed Baht 9 million (2014: Baht 8 million) to the fund.

## 26. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2013	Annual General Meeting of the shareholders on 23 April 2014	195	1.50
Total dividends for 2014		195	1.50
Final dividends for 2014	Annual General Meeting of the shareholders on 22 April 2015	98	0.75
Total dividends for 2015		98	0.75

## 27. Commitments and contingent liabilities

### 27.1 Capital commitments

As at 31 December 2015, the Company had capital commitments of approximately Baht 40 million (2014: Baht 38 million), relating to the construction and renovation of the building of the Hotel in Bangkok.

### 27.2 Guarantee

- (1) As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 11 million (2014: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) As at 31 December 2015 and 2014, the Company has guaranteed loans of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.77 million and USD 6.67 million, respectively, which is guaranteed loans with respect to the subsidiary's proportionate interest in these associates.

## 28. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in related party				
Equity instruments	369,292	-	-	369,292

## 29. Financial instruments

### 29.1 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, current investments, trade and other receivables, loans to related parties, trade and other payables, and loans from related parties. 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 and other receivables, and loans to related parties. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, and loans to related parties as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, current investments, loans to related parties and loans from related parties. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2015					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalent	1,740	92	6	1,838	0.25 - 2.00
Current investments - fixed deposits with financial institution	1,550	-	-	1,550	1.75 - 3.00
Trade and other receivables	-	-	170	170	-
Long-term loans to and interest receivables from related parties	-	1,968	125	2,093	1.17 - 1.24
	3,290	2,060	301	5,651	
<b>Financial liabilities</b>					
Trade and other payables	-	-	335	335	-
	-	-	335	335	

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2014					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalent	1,786	137	7	1,930	0.10 - 2.55
Current investments - fixed deposits with financial institution	763	-	-	763	1.90 - 3.00
Trade and other receivables	-	-	181	181	-
Long-term loans to and interest receivables from related parties	-	1,534	110	1,644	0.56 - 2.05
	2,549	1,671	298	4,518	
<b>Financial liabilities</b>					
Trade and other payables	-	-	298	298	-
	-	-	298	298	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2015

	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non- interest bearing		
<b>Financial Assets</b>					
Cash and cash equivalent	505	56	6	567	0.25 - 2.00
Current investments - fixed deposits with financial institution	1,545	-	-	1,545	1.75 - 3.00
Trade and other receivables	-	-	170	170	-
	<u>2,050</u>	<u>56</u>	<u>176</u>	<u>2,282</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	296	296	-
Short-term loans from related party	-	-	543	543	-
	<u>-</u>	<u>-</u>	<u>839</u>	<u>839</u>	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2014

	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non-interest bearing		
<b>Financial Assets</b>					
Cash and cash equivalent	405	88	7	500	0.10 - 2.55
Current investments - fixed deposits with financial institution	740	-	-	740	1.90 - 3.00
Trade and other receivables	-	-	180	180	-
	<u>1,145</u>	<u>88</u>	<u>187</u>	<u>1,420</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	255	255	-
Short-term loans from related party	-	-	496	496	-
	<u>-</u>	<u>-</u>	<u>751</u>	<u>751</u>	

### **Foreign currency risk**

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	59	64	-	-	36.0886	32.9630

  

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	36.0886	32.9630

### **29.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries's 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 statement of financial position.

### **30. Capital management**

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 0.08:1 (2014: 0.07:1) and the Company's was 0.23:1 (2014: 0.22:1).

### **31. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2016.

To : Managing Director  
The Stock Exchange of Thailand

Date : February 23, 2016

Re : Management Discussion and Analysis for the year ended December 31, 2015

The Board of Directors is pleased to announce the Company's results for the year ended December 31, 2015 as follows:-

**Net profit after corporate income tax for the year ended December 31, 2015 and 2014:**

(Baht in million)	<u>2015</u>	<u>2014</u>	<u>Change</u>
The Company	520.12	167.51	210.50%
Consolidated	665.45	881.39	(24.50%)

**The Company:**

The Company's profit before corporate income tax for the year ended December 31, 2015 increased by Baht 440.20 million against the year of 2014. The increase in the Company's profit was mainly attributed to the increase in profit before income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 393.61 million and increase in profit of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 46.59 million.

Revenues from hotel operations of SLBK increased by Baht 409.47 million from Baht 1,463.46 million to Baht 1,872.93 million due to the increase in room, food & beverages and other revenues resulting from higher occupancy (increased by 17.41%). Gross Profit before expenses increased by Baht 302.02 million. Selling and administrative expenses increased by Baht 24.83 million and Baht 34.35 million respectively. Depreciation expense decreased by Baht 154.59 million against last year due to completion of depreciable life of furniture & fixtures. Finance cost increased by Baht 46.04 million mainly due to unfavorable and unrealized exchange losses resulting from revaluation of loan in year 2015. As a result, the profit before corporate income tax increased by Baht 393.61 million from profit of Baht 193.30 million to Baht 586.91 million.

Profit of SLCM increased by Baht 46.59 million as compared to 2014, mainly attributed to higher revenues from hotel operations by Baht 76.68 million from Baht 419.20 million to Baht 495.88 million as a result of higher room occupancy and better average room rates in 2015. Gross Profit before expenses increased by Baht 61.75 million, from Baht 283.68 million to Baht 345.43 million during the same period last year. Selling and administrative expenses increased by Baht 1.40 million and Baht 11.22 million, respectively. Depreciation Expenses increased by Baht 1.05 million against last year. As a result, the profit before corporate income tax increased by Baht 46.59 million from Baht 15.93 million to Baht 62.52 million. Consequently the total profit of SLBK and SLCM before corporate income tax increased by Baht 440.20 million from Baht 209.23 million to Baht 649.43 million. The corporate income tax increased by Baht 87.59 million as compared to 2014 due to higher profit before income tax in 2015. The Company recorded a net profit after tax of Baht 520.12 million for the year ended December 31, 2015 compared to profit of Baht 167.51 million last year (increased by 210.50%).

**Consolidated:**

The consolidated profit before corporate income tax for the year ended December 31, 2015 decreased by Baht 131.50 million against last year. The decrease in consolidated profit before corporate income tax was due to decrease in profit of subsidiaries of the Company by Baht 571.70 million, partially offset by increase in the Company's profit before corporate income tax of Baht 440.20 million. The decrease in profit of subsidiaries was largely due to the reversal of allowance for doubtful loans, interest receivables and allowance for impairment on investments to a related company in year 2014 of Baht 609.45 million. The corporate income tax increased by Baht 86.07 million mainly as a result of higher profit from the Company. As a result, the consolidated net profit after tax for the year ended December 31, 2015 decreased by Baht 215.94 million against last year (decreased by 24.50%).

Yours faithfully,

\_\_\_\_\_  
(Mrs. Pavinee Meensuk)  
Director and Company Secretary



To : Managing Director  
The Stock Exchange of Thailand

Date : February 23, 2016

Re : Resolutions on recommendation on annual dividend and fixing date of AGM No. 1/2016

Dear Sirs,

The Board of Directors of Shangri-La Hotel Public Company Limited (the “Company”) would like to inform you of the following resolutions passed at its Board Meeting No. 1/2016 held on February 23, 2016:

1. That an annual dividend for the operation of the Company from January 1, 2015 to December 31, 2015 at the rate of Baht 2 per share for 130,000,000 ordinary shares amounting to Baht 260,000,000 which will be payable to shareholders of the Company (the “Shareholders”) on May 26, 2016 be recommended to the Shareholders for approval at the Annual General Meeting scheduled to be held on April 28, 2016.
2. That the “record date” on which the Shareholders have the right to receive the annual dividend shall be May 11, 2016. Further, May 12, 2016 shall be the Company’s share register book closing date for collecting names of the Shareholders under Section 225 of the Securities and Exchange Act.
3. That the “record date” on which the Shareholders have the right to attend and vote at the Annual General Meeting of Shareholders No. 1/2016 shall be March 15, 2016. Further, March 16, 2016 shall be the Company’s share register book closing date for collecting names of the Shareholders under Section 225 of the Securities and Exchange Act.
4. That the Annual General Meeting of Shareholders No. 1/2016 be held on April 28, 2016 at 10.00 a.m. at Myanmar Room, 3<sup>rd</sup> Floor, Chao Phya Tower, Shangri-La Hotel, Bangkok.
5. That the agenda for the Annual General Meeting of Shareholders No. 1/2016 be as follows:
  - 5.1) To consider approval of the minutes of the Annual General Meeting of Shareholders No. 1/2015 which was held on April 22, 2015;
  - 5.2) To acknowledge the report of the Board of Directors on the business operation of the Company for the year 2015;
  - 5.3) To approve the Company’s Statements of Financial Position and the Statements of Income for the year ended December 31, 2015;
  - 5.4) To consider and approve payment of the annual dividend for the year ended December 31, 2015;
  - 5.5) To approve the appointment of Directors in place of those Directors retiring by rotation;
  - 5.6) To consider the remuneration of the Directors;
  - 5.7) To appoint the Company’s auditors and to fix their remuneration; and
  - 5.8) To consider other business (if any).

Yours faithfully,

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(Mrs. Pavinee Meensuk)  
Director and Company Secretary

**Headline:** Audited Yearly and Consolidated F/S (F45-3)

**Security Symbol:** SHANG

Announcement Details

**The Company and Consolidated Financial Statement (F45-3)**

Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED
Quarter	Yearly

(In thousands)

The Consolidated Financial Statement

	Yearly	
Status	Audited	
Ending	31 December	
Year	2015	2014
Net profit (loss)	665,454	881,389
EPS (baht)	5.12	6.78

The Company Financial Statement

	Yearly	
Status	Audited	
Ending	31 December	
Year	2015	2014
Net profit (loss)	520,120	167,505
EPS (baht)	4.00	1.29

Type of report	Unqualified opinion
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Please see details in financial statements, auditor's report and remarks from SET SMART

"The company hereby certifies that the information above is correct and complete. In addition, the company has already reported and disseminated its financial statements in full via the SET Electronic Listed Company Information Disclosure (SET Portal), and has also submitted the original report to the Securities and Exchange Commission."

Signature \_\_\_\_\_  
(Mrs. Pavinee Meensuk)  
Director and Company Secretary  
Authorized to sign on behalf of the company

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