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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

(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

Mr WONG Kai Man

Professor LI Kwok Cheung Arthur

Non-executive directors

Mr HO Kian Guan

Ms KUOK Hui Kwong

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

Hong Kong, 16 February 2015

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014

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 2014, 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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Other matter

The consolidated financial statements of Shangri-La Hotel Public Company Limited and its subsidiaries, and the separate financial statements of Shangri-La Hotel Public Company Limited as at 31 December 2013, presented as comparative information, were audited by another auditor who expressed an unqualified opinion on those statements, under his report dated 24 February 2014.

Siraporn Ouaanunkun
Certified Public Accountant (Thailand) No. 3844

EY Office Limited
Bangkok: 16 February 2015

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	7	1,929,882,785	2,009,453,963	499,811,589	700,451,644
Current investments - fixed deposits					
with financial institutions		763,110,000	-	740,000,000	-
Trade and other receivables	8	180,936,792	184,953,440	180,129,771	183,882,523
Short-term loans to and interest receivables					
from related parties	6	-	-	-	165,265,863
Inventories	9	34,306,622	34,275,608	34,306,622	34,275,608
Other current assets		5,787,095	8,831,713	5,767,481	8,811,979
Total current assets		2,914,023,294	2,237,514,724	1,460,015,463	1,092,687,617
Non-current assets					
Investments in subsidiaries	10	-	-	1,303,000,000	1,303,000,000
Investments in associates	11	695,033	1,476,991	-	-
Other long-term investments					
Available-for-sale securities	12	70,802,745	73,525,928	70,802,745	73,525,928
Investments in related parties	13	476,822,327	669,202,232	-	-
Investment in other company	14	131,150,597	131,150,597	-	-
Long-term loans to and interest receivables					
from related parties	6	1,643,655,534	1,323,072,542	-	-
Property, plant and equipment	15	2,386,139,457	2,799,999,934	2,384,285,843	2,798,146,320
Intangible assets		3,145,761	3,457,878	3,145,761	3,457,878
Deferred tax assets	22	56,728,218	97,911,180	40,325,538	81,508,500
Other non-current assets		4,646,795	5,015,248	4,646,795	5,015,248
Total non-current assets		4,773,786,467	5,104,812,530	3,806,206,682	4,264,653,874
Total assets		7,687,809,761	7,342,327,254	5,266,222,145	5,357,341,491

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	16	298,476,890	383,133,929	255,317,594	333,504,207
Short-term loans from related party	6	-	-	495,600,000	494,241,000
Other current liabilities	17	123,502,734	110,153,671	121,541,550	109,463,383
Total current liabilities		421,979,624	493,287,600	872,459,144	937,208,590
Non-current liabilities					
Provision for long-term employee benefits	18	56,398,611	50,931,963	56,398,611	50,931,963
Rental deposits		15,640,637	17,804,011	15,640,637	17,804,011
Total non-current liabilities		72,039,248	68,735,974	72,039,248	68,735,974
Total liabilities		494,018,872	562,023,574	944,498,392	1,005,944,564
Shareholders' equity					
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		3,187,932,943	2,501,544,068	1,289,497,179	1,316,991,807
Other components of shareholders' equity		971,314,306	1,249,931,081	11,826,574	14,005,120
Equity attributable to owners of the Company		7,179,647,249	6,771,875,149	4,321,723,753	4,351,396,927
Non-controlling interests of the subsidiary		14,143,640	8,428,531	-	-
Total shareholders' equity		7,193,790,889	6,780,303,680	4,321,723,753	4,351,396,927
Total liabilities and shareholders' equity		7,687,809,761	7,342,327,254	5,266,222,145	5,357,341,491
		-	-	-	-

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 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit or loss:					
Revenues					
Revenues from hotel operations		1,882,665,641	2,234,421,997	1,882,665,641	2,234,421,997
Other income					
Gains on sales of investment in related party	13	-	1,470,610,862	-	-
Reversal of allowance for impairment of investments and loans to related parties	6	609,447,129	297,582,043	-	6,400,000
Interest income		61,896,385	41,537,353	23,532,281	18,391,012
Others		100,759,230	87,179,401	17,324,338	50,093,174
Total revenues		<u>2,654,768,385</u>	<u>4,131,331,656</u>	<u>1,923,522,260</u>	<u>2,309,306,183</u>
Expenses					
Cost of hotel operations		637,453,088	752,926,641	637,453,088	752,926,641
Selling expenses		121,436,182	152,566,462	121,436,182	152,566,462
Administrative expenses		490,077,736	550,884,921	481,379,081	538,395,907
Depreciation and amortisation expenses		472,661,938	516,424,565	472,661,938	516,424,565
Total expenses		<u>1,721,628,944</u>	<u>1,972,802,589</u>	<u>1,712,930,289</u>	<u>1,960,313,575</u>
Profit before share of loss from investments in associates, finance cost and income tax expenses					
Share of loss from investments in associates	11	(781,957)	(13,506,331)	-	-
Profit before finance cost and income tax expenses		<u>932,357,484</u>	<u>2,145,022,736</u>	<u>210,591,971</u>	<u>348,992,608</u>
Finance cost	21	-	(40,563,498)	(1,359,000)	(42,129,208)
Profit before income tax expenses		<u>932,357,484</u>	<u>2,104,459,238</u>	<u>209,232,971</u>	<u>306,863,400</u>
Income tax expenses	22	(45,253,500)	(45,211,479)	(41,727,599)	(59,141,116)
Profit for the year		<u>887,103,984</u>	<u>2,059,247,759</u>	<u>167,505,372</u>	<u>247,722,284</u>
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(82,380,270)	162,312,014	-	-
Gain (loss) on changes in value of available-for-sale investments		(196,781,142)	31,642,269	(2,723,183)	23,201,515
Actuarial loss on defined employee benefit plans		-	(5,912,970)	-	(5,912,970)
Income tax effect	22	544,637	(3,457,709)	544,637	(3,457,709)
Other comprehensive income for the year		<u>(278,616,775)</u>	<u>184,583,604</u>	<u>(2,178,546)</u>	<u>13,830,836</u>
Total comprehensive income for the year		<u>608,487,209</u>	<u>2,243,831,363</u>	<u>165,326,826</u>	<u>261,553,120</u>

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 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit attributable to:					
Equity holders of the Company		881,388,875	2,050,819,228	<u>167,505,372</u>	<u>247,722,284</u>
Non-controlling interests of the subsidiary		<u>5,715,109</u>	<u>8,428,531</u>		
		<u>887,103,984</u>	<u>2,059,247,759</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		602,772,100	2,235,402,832	<u>165,326,826</u>	<u>261,553,120</u>
Non-controlling interests of the subsidiary		<u>5,715,109</u>	<u>8,428,531</u>		
		<u>608,487,209</u>	<u>2,243,831,363</u>		
Earnings per share					
Basic earnings per share	23				
Profit attributable to equity holders of the Company		<u>6.78</u>	<u>15.78</u>	<u>1.29</u>	<u>1.91</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 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities					
Profit before tax		932,357,484	2,104,459,238	209,232,971	306,863,400
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		472,661,938	516,424,565	472,661,938	516,424,565
Reversal of allowance for doubtful accounts		(309,075)	(181,371)	(309,075)	(181,371)
Reduce cost of inventories to net realisable value		243,912	119,994	243,912	119,994
Reversal of allowance for impairment of investments and loans to related parties	6	(609,447,129)	(297,582,043)	-	(6,400,000)
Reversal of allowance for interest receivables		-	-	(7,338,240)	(6,879,600)
Allowance for loss on diminution in value of investment		-	3,861,881	-	-
Gain on sales of plant and equipments		(563,964)	(1,323,261)	(563,964)	(1,323,261)
Share of loss from investments in associates	11	781,957	13,506,331	-	-
Gains on sales of investment in related party	13	-	(1,470,610,862)	-	-
Provision for long-term employee benefits		6,503,898	11,871,871	6,503,898	11,871,871
Exchange losses (gains)		(17,489,453)	(90,025,991)	1,048,000	21,618,000
Dividend income		(20,845,251)	(23,095,437)	(1,524,982)	(2,178,546)
Interest income		(36,995,596)	(41,537,353)	(23,532,281)	(18,391,012)
Interest expenses		-	9,550,708	-	9,550,708
Profit from operating activities before changes in operating assets and liabilities		726,898,721	735,438,270	656,422,177	831,094,748
Operating assets (increase) decrease					
Trade and other receivables		7,517,998	14,530,915	7,517,997	14,530,915
Inventories		(274,926)	3,802,016	(274,926)	3,802,016
Other current assets		2,815,399	654,465	2,806,211	652,868
Other non-current assets		368,453	827,327	368,453	827,327
Operating liabilities increase (decrease)					
Trade and other payables		(74,101,416)	(77,821,481)	(67,630,991)	(72,323,445)
Other current liabilities		12,547,898	36,906,080	12,078,170	36,317,448
Provision for long-term employee benefits		(1,037,250)	(2,629,930)	(1,037,250)	(2,629,930)
Other non-current liabilities		(2,163,374)	1,267,040	(2,163,374)	1,267,040
Cash flows from operating activities		672,571,503	712,974,702	608,086,467	813,538,987
Cash paid for interest expenses		-	(12,696,332)	-	(9,550,708)
Cash received (paid) for corporate income tax		(2,495,514)	(4,426,740)	238,287	(2,910,731)
Net cash flows from operating activities		670,075,989	695,851,630	608,324,754	801,077,548

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 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities					
Cash paid for short-term investments - net		(763,110,000)	158,698	(740,000,000)	-
Proceeds from sales of investment in related party		-	1,877,207,266	-	-
Loans to related parties		(302,621,995)	(503,008,437)	(3,168,887)	-
Cash received from loans to and interest receivables					
from related parties		607,297,531	171,672,953	176,083,990	6,879,600
Cash received from interest income		33,803,320	28,602,451	20,076,110	15,711,654
Dividend income		20,845,251	23,095,437	1,524,982	2,178,546
Acquisitions of plant and equipment		(69,114,522)	(208,016,211)	(69,114,522)	(208,016,211)
Proceeds from sales of plant and equipment		<u>633,518</u>	<u>1,517,326</u>	<u>633,518</u>	<u>1,517,326</u>
Net cash flows from (used in) investing activities		<u>(472,266,897)</u>	<u>1,391,229,483</u>	<u>(613,964,809)</u>	<u>(181,729,085)</u>
Cash flows from financing activities					
Loans from related parties		-	-	-	467,557,500
Repayment of loans from related parties		-	(467,557,500)	-	(467,557,500)
Repayment of long-term loans		-	(130,000,000)	-	(130,000,000)
Dividend paid		<u>(195,000,000)</u>	<u>(292,500,000)</u>	<u>(195,000,000)</u>	<u>(292,500,000)</u>
Net cash flows used in financing activities		<u>(195,000,000)</u>	<u>(890,057,500)</u>	<u>(195,000,000)</u>	<u>(422,500,000)</u>
Increase (decrease) in translation adjustments		<u>(82,380,270)</u>	<u>162,312,014</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>(79,571,178)</u>	<u>1,359,335,627</u>	<u>(200,640,055)</u>	<u>196,848,463</u>
Cash and cash equivalents at beginning of year		<u>2,009,453,963</u>	<u>650,118,336</u>	<u>700,451,644</u>	<u>503,603,181</u>
Cash and cash equivalents at end of year		<u><u>1,929,882,785</u></u>	<u><u>2,009,453,963</u></u>	<u><u>499,811,589</u></u>	<u><u>700,451,644</u></u>
		-	-	-	-
Supplemental cash flow information					
Non-cash transactions					
Payable from purchases of plant and equipment		4,798,124	15,353,748	4,798,124	15,353,748

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 2014

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
				Other components of equity								
				Other comprehensive income								
Issued and fully paid-up share capital	Share premium	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments		Actuarial loss on defined employee benefit plans	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity	
		Appropriated	Unappropriated		Other company	Related company						
Balance as at 1 January 2013	1,300,000,000	1,590,400,000	130,000,000	743,224,840	758,564,554	174,284	306,608,639	-	1,065,347,477	4,828,972,317	-	4,828,972,317
Profit for the year	-	-	-	2,050,819,228	-	-	-	-	-	2,050,819,228	8,428,531	2,059,247,759
Other comprehensive income for the year	-	-	-	-	162,312,014	18,561,212	8,440,754	(4,730,376)	184,583,604	184,583,604	-	184,583,604
Total comprehensive income for the year	-	-	-	2,050,819,228	162,312,014	18,561,212	8,440,754	(4,730,376)	184,583,604	2,235,402,832	8,428,531	2,243,831,363
Dividend paid (Note 26)	-	-	-	(292,500,000)	-	-	-	-	-	(292,500,000)	-	(292,500,000)
Balance as at 31 December 2013	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
Balance as at 1 January 2014	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)
Balance as at 31 December 2014	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

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 2014

(Unit: Baht)

Separate financial statements								
				<u>Other components of equity</u>				
				<u>Other comprehensive income</u>				
				Surplus				
				on changes	Actuarials loss	Total other		
				in value of	on defined	components of	Total	
Issued and	<u>Retained earnings</u>			available-for-sale	employee	shareholders'	shareholders'	
fully paid-up	Share premium	Appropriated	Unappropriated	investments	benefit plans	equity	equity	
share capital								
Balance as at 1 January 2013	1,300,000,000	1,590,400,000	130,000,000	1,361,769,523	174,284	-	174,284	4,382,343,807
Profit for the year	-	-	-	247,722,284	-	-	-	247,722,284
Other comprehensive income for the year	-	-	-	-	18,561,212	(4,730,376)	13,830,836	13,830,836
Total comprehensive income for the year	-	-	-	247,722,284	18,561,212	(4,730,376)	13,830,836	261,553,120
Dividend paid (Note 26)	-	-	-	(292,500,000)	-	-	-	(292,500,000)
Balance as at 31 December 2013	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>1,316,991,807</u>	<u>18,735,496</u>	<u>(4,730,376)</u>	<u>14,005,120</u>	<u>4,351,396,927</u>
Balance as at 1 January 2014	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)
Balance as at 31 December 2014	<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>

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 2014

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	
			2014	2013
			Percent	Percent
<u>Subsidiary held directly by the Company</u>				
Town Development Company Limited	Holding investment	Thailand	100.00	100.00
<u>Subsidiaries held through its subsidiaries</u>				
Apizaco Limited	Holding investment	Hong Kong	100.00	100.00
Hasfeild 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

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas 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.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated 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 accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures

TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed forwards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that 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 accounting standards. The management of the Company and its subsidiaries believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in 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 recognised 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 part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate 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 the investees and determine which entities have to be included for preparation of the consolidated financial statements.

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

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

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 to 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 measurements. 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 effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

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 and associates are accounted for in the separate financial statements using the cost method.

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

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

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

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.

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		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	3	4	At a rate of LIBOR 1 month plus 2.05 percent per annum
<u>Transactions with associated companies</u>					
Interest income	28	18	-	-	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	4	7	-	-	As announcement
Management fees	62	71	62	71	Contract price
Marketing and promotion fees	19	23	19	23	Contract price
Advertising and reservation fees	10	16	10	16	Contract price
Interest expenses	-	8	-	8	At a rate of LIBOR 1 month plus 2.05 percent per annum

The balances of the accounts between the Company and these related companies as at 31 December 2014 and 2013 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Other receivables - related parties (Note 8)</u>				
Associated company				
Traders Yangon Company Limited	2,867	1,423	2,867	1,423
Related company				
Shangri-La International Hotel Management Limited	1,640	-	1,640	-
Total other receivables - related parties	<u>4,507</u>	<u>1,423</u>	<u>4,507</u>	<u>1,423</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Short-term loans to and interest receivables</u>				
<u>from related parties</u>				
Subsidiaries				
Apizaco Limited	-	-	-	165,266
TRR-Kerry Development Company Limited	-	-	56,596	63,935
Total	-	-	56,596	229,201
Less: Allowance for doubtful interest receivables	-	-	(56,596)	(63,935)
Total short-term loans to and interest receivables from related parties - net	-	-	-	165,266

The above loans are repayable on demand and carry interest at the rate of LIBOR 1 Month plus 2.05 percent per annum.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Yangon Company Limited	-	343,287	-	-
Shangri-La Yangon Company Limited	20,949	239,465	-	-
Traders Square Company Limited	44,664	44,453	-	-
	65,613	627,205	-	-
Interest bearing				
Traders Yangon Company Limited	493,295	526,903	-	-
Shangri-La Yangon Company Limited	833,144	536,851	-	-
Traders Square Company Limited	251,604	247,766	-	-
	1,578,043	1,311,520	-	-
Total	1,643,656	1,938,725	-	-
Less: Allowance for doubtful loans	-	(615,652)	-	-
Total long-term loans to and interest receivables from related parties - net	1,643,656	1,323,073	-	-

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

During the year 2013, the management of the subsidiary had reversed all allowance for doubtful loans and interest receivables and allowance for impairment on investments in Shangri-La Yangon Company Limited and Trader Square Company Limited. The construction of Shangri-La Yangon Company Limited's residential project in Myanmar was completed and the serviced apartments were launched on 1 November 2013. Based on a recent valuation done by an independent professional valuer, the fair value exceeds cost of investment and related loans. Traders Square Company Limited is in its initial stage of constructing a commercial complex. The management has assessed that the subsidiary should reverse the allowance for impairment since there have been changes in circumstance which cause the previous impairment indicators ceased.

During the current year, the subsidiary has received partial payment of loans from Traders Yangon Company Limited and Shangri-La Yangon Company Limited. The management of the subsidiary had assessed and determined that the subsidiary should reverse all allowance for doubtful loans and interest receivables from Traders Yangon Company Limited since the economy in Myanmar has improved.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Other payables - related parties (Note 16)</u>				
Related companies				
Shangri-La International Hotel Management				
Limited	11,149	18,588	11,149	18,588
Shangri-La International Hotel Management BV	10,701	11,840	10,701	11,840
Total other payables - related parties	<u>21,850</u>	<u>30,428</u>	<u>21,850</u>	<u>30,428</u>
<u>Short-term loan from related party</u>				
Subsidiary				
Hasfeild Holdings Pte., Ltd.	-	-	495,600	494,241
	<u>-</u>	<u>-</u>	<u>495,600</u>	<u>494,241</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	Increase	Decrease		Balance
	as at	during	during	Gain on	as at
	1 January 2014	the year	the year	exchange	31 December 2014
<u>Short-term loans to and interest receivables</u>					
<u>from related parties</u>					
Subsidiaries					
Apizaco Limited	165,266	3,169	(168,746)	311	-
TRR-Kerry Development Company Limited	63,935	-	(7,339)	-	56,596
Total short-term loans to and interest receivables from related parties	229,201	3,169	(176,085)	311	56,596

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance	Increase	Decrease		Balance
	as at	during	during	Gain on	as at
	1 January 2014	the year	the year	exchange	31 December 2014
<u>Long-term loans to and interest receivables</u>					
<u>from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Yangon Company Limited	343,287	-	(344,913)	1,626	-
Shangri-La Yangon Company Limited	239,465	-	(219,651)	1,135	20,949
Traders Square Company Limited	44,453	-	-	211	44,664
Interest bearing					
Traders Yangon Company Limited	526,903	6,531	(42,733)	2,594	493,295
Shangri-La Yangon Company Limited	536,851	293,466	-	2,827	833,144
Traders Square Company Limited	247,766	2,625	-	1,213	251,604
Total long-term loans to and interest receivables from related parties	1,938,725	302,622	(607,297)	9,606	1,643,656

(Unit: Thousand Baht)

	Separate financial statements				
	Balance	Increase	Decrease	Balance	
	as at	during	during	Loss on	
	1 January 2014	the year	the year	exchange	
				31 December 2014	
<u>Short-term loans from related party</u>					
Subsidiary					
Hasfeild Holdings Pte.,Ltd.	494,241	-	-	1,359	495,600
Total short-term loans from related party	494,241	-	-	1,359	495,600

Directors and management's benefits

During the year ended 31 December 2014 and 2013, 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>2014</u>	<u>2013</u>
Short-term employee benefits	49,247	47,868
Post-employment benefits	3,604	2,937
Total	52,851	50,805

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 financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	6,594	6,759	6,594	6,759
Bank deposits	1,923,289	2,002,695	493,218	693,693
Total	1,929,883	2,009,454	499,812	700,452

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 2.55 percent per annum (2013: between 0.10 and 3.10 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	150,543	163,233	150,543	163,233
120 - 180 days	481	402	481	402
Over 180 days	560	1,983	560	1,983
Total	151,584	165,618	151,584	165,618
Less: Allowance for doubtful debts	(730)	(1,039)	(730)	(1,039)
Total trade receivables - unrelated parties, net	150,854	164,579	150,854	164,579
<u>Other receivables</u>				
Other receivables - related parties	4,507	1,423	4,507	1,423
Other receivables - unrelated parties	13,993	7,346	13,186	6,275
Prepaid expenses	11,583	11,605	11,583	11,605
Total other receivables	30,083	20,374	29,276	19,303
Total trade and other receivables - net	180,937	184,953	180,130	183,882

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Food and beverages	10,288	10,023	-	-	10,288	10,023
Operating equipment	10,339	10,059	(550)	(550)	9,789	9,509
General supplies	8,557	8,497	(82)	(82)	8,475	8,415
Engineering tools, spare parts and supplies	6,990	7,321	(1,235)	(992)	5,755	6,329
Total	36,174	35,900	(1,867)	(1,624)	34,307	34,276

During the current year, the Company reduced cost of inventories by Baht 0.2 million (2013: Baht 1.3 million), to reflect the net realisable value. This was included in cost of hotel operations. In addition, during the year 2013, the Company reversed the write-down of cost of inventories by Baht 1.2 million, and recorded as a reduction to the amount of inventories recognised as expenses during the year.

10. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			(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 subsidiaries					<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	
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
					Percent	Percent
<u>Subsidiaries held through Town Development Company Limited</u>						
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
Hasfeild Holdings Pte.,Ltd.	Holding investment	Singapore	SGD 34 million	SGD 34 million	100.00	100.00
<u>Subsidiary held through Apizaco Limited</u>						
Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00

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>2014</u> (Percent)	<u>2013</u> (Percent)	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Associated companies (owned by Zukerman Limited)</u>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	29,429	29,290	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	17,395	17,313	-	785
Traders Square Company Limited	Not yet operated	Myanmar	23.56	23.56	695	692	695	692
Total					<u>47,519</u>	<u>47,295</u>	<u>695</u>	<u>1,477</u>

11.2 Share of loss

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>2014</u>	<u>2013</u>
Shangri-La Yangon Company Limited	785	13,506
Traders Square Company Limited	(3)	-
Total	<u>782</u>	<u>13,506</u>

11.3 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Traders Yangon Company Limited	119,044	118,504	2,847,131	2,717,766	4,493,288	4,455,580	1,089,633	787,792	98,110	99,115
	(USD 3.6 million)	(USD 3.6 million)								
Shangri-La Yangon Company Limited	64,611	64,318	5,119,534	3,820,207	5,231,348	3,816,674	351,446	1,768	(113,672)	(56,297)
	(USD 2.0 million)	(USD 2.0 million)								
Traders Square Company Limited	2,950	2,937	1,356,306	1,275,820	1,353,355	1,272,883	-	-	-	-
	(USD 0.1 million)	(USD 0.1 million)								

11.4 Investment in associates with capital deficit

The Company recognised share of losses from investment in 2 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.

(Unit: Million Baht)

Company's name	Unrecognised share of gains (losses)			
	Share of gains (losses) for the years ended 31 December		Cumulative share of losses up to 31 December	
	2014	2013	2014	2013
Traders Yangon Company Limited	23,085	23,322	(415,352)	(436,792)
Shangri-La Yangon Company Limited	(24,473)	-	(24,473)	-
Total	(1,388)	23,322	439,825	(436,792)

12. Investments in available-for-sale securities

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2014</u>	<u>2013</u>
Cost - Ordinary shares of Post Publishing Public Company Limited	50,107	50,107
Add: Unrealised gain on changes in value of investments	20,696	23,418
Fair value	<u>70,803</u>	<u>73,525</u>

13. Investments in related parties

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2014</u>	<u>2013</u>
Cost - Ordinary shares of Shangri-La Asia Limited	354,153	354,153
Add: Unrealised gain on changes in value of investments	122,669	315,049
Fair value	<u>476,822</u>	<u>669,202</u>

In March 2013, the subsidiary disposed its investment in Cuscaden Properties Pte., Ltd. to a related party in Singapore at the value of SGD 76 million (or equivalent to Baht 1,877 million). During the first quarter of year 2013, the subsidiary recognised gain on disposal of the investment of SGD 60 million (or equivalent to Baht 1,471 million) as other income in the statement of comprehensive income.

14. Investments in other company - Net

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2014</u>	<u>2013</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	Construction in progress	Total
Cost:								
1 January 2013	495,363	3,342,840	1,119,079	3,429,574	99,486	8,029	54,949	8,549,320
Additions	-	279	1,895	25,051	2,371	-	171,533	201,129
Disposals	-	-	(3,979)	(23,349)	-	-	-	(27,328)
Transfers in (out)	-	38,128	33,021	134,776	-	-	(205,925)	-
31 December 2013	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
Accumulated depreciation:								
1 January 2013	-	1,832,132	754,104	2,751,148	92,438	6,221	-	5,436,043
Depreciation for the year	-	104,746	71,217	333,969	3,406	873	-	514,211
Depreciation on disposals	-	-	(3,979)	(23,154)	-	-	-	(27,133)
31 December 2013	-	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
Net book value:								
31 December 2013	495,363	1,444,369	328,674	504,089	6,013	935	20,557	2,800,000
31 December 2014	495,363	1,346,445	270,908	268,094	3,550	315	1,464	2,386,139

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures and equipment	Operating equipment	Motor vehicles	Construction in progress	Total
Cost:								
1 January 2013	493,509	3,342,840	1,119,079	3,429,574	99,486	8,029	54,949	8,547,466
Additions	-	279	1,895	25,051	2,371	-	171,533	201,129
Disposals	-	-	(3,979)	(23,349)	-	-	-	(27,328)
Transfers in (out)	-	38,128	33,021	134,776	-	-	(205,925)	-
31 December 2013	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
Accumulated depreciation:								
1 January 2013	-	1,832,132	754,104	2,751,148	92,438	6,221	-	5,436,043
Depreciation for the year	-	104,746	71,217	333,969	3,406	873	-	514,211
Depreciation on disposals	-	-	(3,979)	(23,154)	-	-	-	(27,133)
31 December 2013	-	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
Net book value:								
31 December 2013	493,509	1,444,369	328,674	504,089	6,013	935	20,557	2,798,146
31 December 2014	493,509	1,346,445	270,908	268,094	3,550	315	1,464	2,384,285

As at 31 December 2014, 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 3,510 million (2013: Baht 3,390 million).

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - unrelated parties	98,844	120,470	98,844	120,470
Other payables - related parties	21,850	30,428	21,850	30,428
Other payables - unrelated parties	14,099	18,070	14,099	16,959
Interest payables to minority shareholders of subsidiary	42,591	48,054	-	-
Construction payables	4,798	15,353	4,798	15,353
Retention payables	4,983	9,465	4,983	9,465
Accrued expenses	111,312	138,019	110,744	137,554
Others	-	3,275	-	3,275
Total trade and other payables	<u>298,477</u>	<u>383,134</u>	<u>255,318</u>	<u>333,504</u>

17. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Advances from customers	79,761	87,418	79,761	87,418
Others	43,742	22,736	41,781	22,045
Total other current liabilities	<u>123,503</u>	<u>110,154</u>	<u>121,542</u>	<u>109,463</u>

18. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2014 and 2013, 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 benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Defined benefit obligation						
at beginning of year	44,519	35,777	6,413	-	50,932	35,777
Current service cost	4,156	4,015	631	6,036	4,787	10,051
Interest cost	1,548	1,444	169	377	1,717	1,821
Benefits paid during the year	(1,037)	(2,630)	-	-	(1,037)	(2,630)
Actuarial loss	-	5,913	-	-	-	5,913
Defined benefit obligation						
at end of year	<u>49,186</u>	<u>44,519</u>	<u>7,213</u>	<u>6,413</u>	<u>56,399</u>	<u>50,932</u>

Long-term employee benefit expenses included in the profit or loss consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2014</u>	<u>2013</u>
Current service cost	4,787	10,051
Interest cost	1,717	1,821
Total expenses recognised in profit or loss	<u>6,504</u>	<u>11,872</u>
Line items in profit or loss under which such expenses are included		
Cost of hotel operations	3,509	3,416
Selling and administrative expenses	2,995	8,456

As at 31 December 2014 and 2013, cumulative actuarial losses, which were recognised in other comprehensive income of the Company, amounted to Baht 6 million (Separate financial statements: Baht 6 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	2014	2013
	(% per annum)	(% per annum)
Discount rate	3.50	3.50
Future salary increase rate	4.00 - 5.00	4.00 - 5.00
Employee turnover rate (depending on age of employees)	1.91 - 22.92	1.91 - 22.92

The amounts of defined benefit obligations and experience adjustments for the current year and the past three years are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	Defined benefit obligation	Experience adjustments
		on the obligation
Year 2014	56,399	-
Year 2013	50,932	2,719
Year 2012	35,777	-
Year 2011	31,745	-

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries and wages and other employee benefits	440,253	474,747	440,253	474,747
Depreciation and amortization expenses	472,662	516,425	472,662	516,425
Direct cost of food and beverage	221,831	257,086	221,831	257,086
Other direct cost of hotel operations	196,794	247,749	196,794	247,749
Utilities expenses	150,623	159,075	150,623	159,075
Management fees	62,103	71,362	62,103	71,362
Advertising and promotion expenses	56,934	94,569	56,934	94,569
Maintenance expenses	45,304	66,047	45,304	66,047

21. Finance cost

Finance cost for the year ended 31 December 2014 and 2013 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Interest expenses	-	(9,551)	-	(9,551)
Realised/unrealised loss on exchange rate on short-term loan from related parties	-	(31,012)	(1,359)	(32,578)
Total	-	(40,563)	(1,359)	(42,129)

22. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current corporate income tax charge	(3,526)	(2,472)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(41,728)	(42,739)	(41,728)	(59,141)
Income tax expenses reported in the statements of comprehensive income	<u>(45,254)</u>	<u>(45,211)</u>	<u>(41,728)</u>	<u>(59,141)</u>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to gain (loss) on changes in value of available-for-sale investments	545	(3,458)	545	(3,458)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	932,357	2,104,459	209,233	306,863
Income tax at Thai corporate income tax rate of 20 percent	186,471	420,892	41,847	61,373
Difference in tax rate in group companies	(342)	(183)	-	-
Effects of:				
Exemption of income	(141,062)	(375,756)	(305)	(1,716)
Non-deductible expenses	405	1,222	403	448
Additional expense deductions allowed	(418)	(426)	(417)	(426)
Others	200	(538)	200	(538)
Total	(140,875)	(375,498)	(119)	(2,232)
Income tax expense reported in the statement of comprehensive income	<u>45,254</u>	<u>45,211</u>	<u>41,728</u>	<u>59,141</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 financial statements		Separate financial statements	
	As at	As at	As at	As at
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Deferred tax assets				
Allowance for doubtful interest receivables on loan	11,319	12,787	11,319	12,787
Allowance for diminution in value of inventories	374	325	374	325
Allowance for impairment of investment in other company	16,402	16,402	-	-
Allowance for doubtful accounts	146	208	146	208
Provision for staff cost	-	283	-	283
Provision for long-term employee benefits	10,097	9,003	10,097	9,003
Provisions and other accruals	67	227	67	227
Actuarial loss on defined employee benefit plans	1,183	1,183	1,183	1,183
Unused tax loss	21,279	62,176	21,279	62,176
Total	<u>60,867</u>	<u>102,594</u>	<u>44,465</u>	<u>86,192</u>
Deferred tax liabilities				
Gain on changes in value of available-for-sale investments	(4,139)	(4,683)	(4,139)	(4,683)
Total	<u>(4,139)</u>	<u>(4,683)</u>	<u>(4,139)</u>	<u>(4,683)</u>
Deferred tax assets - net	<u>56,728</u>	<u>97,911</u>	<u>40,326</u>	<u>81,509</u>

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	
	2014	2013	2014	2013
Profit for the year (Thousand Baht)	881,389	2,050,819	167,505	247,722
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	6.78	15.78	1.29	1.91

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 2014 and 2013, respectively.

(Unit: Million Baht)

	Hotel business				Holding Investment		Total segments		Adjustments and		Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai						eliminations			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues												
External customers	1,464	1,850	419	384	-	-	1,883	2,234	-	-	1,883	2,234
Total revenues	1,464	1,850	419	384	-	-	1,883	2,234	-	-	1,883	2,234
Operating results												
Segment profit	961	1,225	285	256	-	-	1,246	1,481	-	-	1,246	1,481
Interest income	23	18	-	2	45	28	68	48	(6)	(6)	62	42
Gains on sales of investment in related party	-	-	-	-	-	1,471	-	1,471	-	-	-	1,471
Reversal of allowance for impairment of investment and loans to related parties	-	-	-	-	609	298	609	298	-	-	609	298
Other income	16	42	2	8	84	38	102	88	(1)	(1)	101	87
Depreciation and amortisation expenses	(367)	(405)	(106)	(111)	-	-	(473)	(516)	-	-	(473)	(516)
Share of loss from investments in associates	-	-	-	-	(1)	(14)	(1)	(14)	-	-	(1)	(14)
Non-controlling interest of the subsidiary	-	-	-	-	(6)	(8)	(6)	(8)	-	-	(6)	(8)
Profit before income tax expenses	193	316	16	(9)	723	1,816	932	2,123	(6)	(27)	926	2,096
Income tax expenses	(41)	(59)	-	-	(4)	14	(45)	(45)	-	-	(45)	(45)
Profit for the year	152	257	16	(9)	719	1,830	887	2,078	(6)	(27)	881	2,051
Segment total assets	4,234	4,253	1,032	1,104	5,044	5,934	10,310	11,291	(2,622)	(3,949)	7,688	7,342

Major customers

For the year 2014 and 2013, 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 2014, the Company contributed Baht 8 million (2013: Baht 7 million) to the fund.

26. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2012	Annual General Meeting of the shareholders on 24 April 2013	98	0.75
Interim dividends for 2013	Board of Directors' meeting on 6 August 2013	195	1.50
Total dividends for 2013		293	2.25
Final dividends for 2013	Annual General Meeting of the shareholders on 23 April 2014	195	1.50
Total dividends for 2014		195	1.50

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2014, the Company had capital commitments of approximately Baht 38 million (2013: Baht 32 million), relating to the construction and renovation of the building of the Hotel in Bangkok.

27.2 Guarantee

- (1) As at 31 December 2014, there were outstanding bank guarantees of approximately Baht 11 million (2013: Baht 12 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) 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 (equivalent to approximately Baht 390 million) and USD 6.67 million (equivalent of approximately Baht 221 million) (2013: Nil), respectively.

28. Financial instruments

28.1 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 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.

(Million Baht)

Consolidated 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		
Financial Assets					
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	-	1,578	66	1,644	0.56 - 2.05
	<u>2,549</u>	<u>1,715</u>	<u>254</u>	<u>4,518</u>	
Financial liabilities					
Trade and other payables	-	-	298	298	-
	<u>-</u>	<u>-</u>	<u>298</u>	<u>298</u>	

(Million Baht)

Consolidated financial statements

As at 31 December 2013

	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non- interest bearing		
Financial Assets					
Cash and cash equivalent	1,878	124	7	2,009	0.10 - 3.10
Trade and other receivables	-	-	185	185	-
Long-term loans to and interest receivables from related parties	-	895	428	1,323	0.56 - 2.05
	<u>1,878</u>	<u>1,019</u>	<u>620</u>	<u>3,517</u>	
Financial liabilities					
Trade and other payables	-	-	383	383	-
	<u>-</u>	<u>-</u>	<u>383</u>	<u>383</u>	

(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		
Financial Assets					
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	-
	1,145	88	187	1,420	
Financial liabilities					
Trade and other payables	-	-	255	255	-
Short-term loans to related parties	-	-	496	496	-
	-	-	751	751	

(Million Baht)

Separate financial statements

As at 31 December 2013

	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non- interest bearing		
Financial Assets					
Cash and cash equivalent	615	78	7	700	0.10 - 3.10
Trade and other receivables	-	-	184	184	-
Short-term loans to and interest receivables from related parties	-	165	-	165	Note 6
	615	243	191	1,049	
Financial liabilities					
Trade and other payables	-	-	334	334	
Short-term loans to related parties	-	-	494	494	-
	-	-	828	828	

Foreign currency risk

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	64	41	-	-	32.9630	32.8136

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	5	15	15	32.9630	32.8136

28.2 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.

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

29. 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 2014, the Group's debt-to-equity ratio was 0.07:1 (2013: 0.08:1) and the Company's was 0.22:1 (2013: 0.23:1).

30. Events after the reporting period

On 15 January 2015, the Company and its four related parties had entered into a loan agreement with Bank of China (Hong Kong) Limited with a total loan facility of USD 100 million, which is facilities of the Company totaling USD 2.5 million. The loan carried interest at the rate of BIBOR plus the relevant margin. The loan is guaranteed by Shangri-La Asia Limited, a parent company.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2015.

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	2014	2013
Net profit (loss)	881,389	2,050,819
EPS (baht)	6.78	15.78

The Company Financial Statement

	Yearly	
Status	Audited	
Ending	31 December	
Year	2014	2013
Net profit (loss)	167,505	247,722
EPS (baht)	1.29	1.91

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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To : Managing Director
The Stock Exchange of Thailand

Date : February 16, 2015

Re : Resolutions on recommendation on annual dividend and fixing date of AGM No. 1/2015

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. 1/2015 held on February 16, 2015:

1. That an annual dividend for the operation of the Company from January 1, 2014 to December 31, 2014 at the rate of Baht 0.75 per share for 130,000,000 ordinary shares amounting to Baht 97,500,000 which will be payable to shareholders of the Company (the “Shareholders”) on May 21, 2015 be recommended to the Shareholders for approval at the Annual General Meeting scheduled to be held on April 22, 2015.
2. That the “record date” on which the Shareholders have the right to receive the annual dividend shall be May 6, 2015. Further, May 7, 2015 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. 1/2015 shall be March 11, 2015. Further, March 12, 2015 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. 1/2015 be held on April 22, 2015 at 10.00 a.m. at Myanmar Room, 3rd Floor, Chao Phya Tower, Shangri-La Hotel, Bangkok.
5. That the agenda for the Annual General Meeting of Shareholders No. 1/2015 be as follows:
 - 5.1) To consider approval of the minutes of the Annual General Meeting of Shareholders No. 1/2014 which was held on April 23, 2014;
 - 5.2) To acknowledge the report of the Board of Directors on the business operation of the Company for the year 2014;
 - 5.3) To approve the Company’s Statements of Financial Position and the Statements of Income for the year ended December 31, 2014;
 - 5.4) To consider and approve payment of the annual dividend for the year ended December 31, 2014;
 - 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,

(Mrs. Pavinee Meensuk)
Director and Company Secretary

To : Managing Director
The Stock Exchange of Thailand

Date : February 16, 2015

Re : Management Discussion and Analysis for the year ended December 31, 2014

The Board of Directors is pleased to announce the Company's results for the year ended December 31, 2014 as follows:-

Net profit after corporate income tax for the year ended December 31, 2014 and 2013:

(Baht in million)	<u>2014</u>	<u>2013</u>	<u>Change</u>
The Company	167.51	247.72	(32.38%)
Consolidated	881.39	2,050.82	(57.02%)

The Company:

The Company's profit before corporate income tax for the year ended December 31, 2014 decreased by Baht 97.63 million against the year of 2013. The decrease in the Company's profit was mainly attributed to the decrease in profit of Shangri-La Hotel, Bangkok ("SLBK") by Baht 122.49 million and increase in profit of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 24.86 million. Revenues from hotel operation of SLBK decreased by Baht 386.80 million from Baht 1,850.26 million to Baht 1,463.46 million due to the lower room occupancy (decreased by 16.54%) as a result of political instability in Thailand. Profit before expenses decreased by Baht 291.61 million. Selling and administrative expenses decreased by Baht 31.58 million and Baht 58.24 million respectively. Depreciation decreased by Baht 38.53 million against last year. Finance cost decreased by Baht 40.77 million mainly due to unfavorable and unrealised exchange losses from revaluation of loan in year 2013. As a result, the profit before corporate income tax decreased by Baht 122.49 million from profit of Baht 315.79 million to Baht 193.30 million.

Profit of SLCM increased by Baht 24.86 million was mainly attributed to higher revenues from hotel operation by Baht 35.04 million from Baht 384.16 million to Baht 419.20 million as a result of higher room occupancy and better average room rates and decrease in depreciation expenses by Baht 5.23 million due to completion of five year depreciable life of furniture & fixture capitalized from initial investment in SLCM. Profit before expenses increased by Baht 21.30 million, from Baht 263.99 million to Baht 285.29 million during the year. Selling and administrative expenses increased by Baht 0.45 million and Baht 1.22 million respectively. As a result, the profit before corporate income tax increased by Baht 24.86 million from loss of Baht 8.93 million to profit of Baht 15.93 million. Consequently, the total profit of SLBK and SLCM before corporate income tax decreased by Baht 97.63 million to Baht 209.23 million. The corporate income tax decreased by Baht 17.41 million. As a result, the Company recorded a net profit after tax of Baht 167.51 million for the year ended December 31, 2014 compared to profit of Baht 247.72 million against last year (decreased by 32.38%).

Consolidated:

The consolidated profit before corporate income tax for the year ended December 31, 2014 decreased by Baht 1,172.10 million against last year. The decrease in consolidated profit before corporate income tax was due to the decrease in the Company's profit before corporate income tax of Baht 97.63 million plus the decrease in profit of subsidiaries of Baht 1,074.47 million. The decrease in profit of subsidiaries was largely due to gain from disposal of investment in a related company and reversal of allowance for impairment of investment and loan to a related company in year 2013 of Baht 1,470.61 million and Baht 297.58 million respectively. During the year, the subsidiaries had reversed all allowance for doubtful loans and interest receivables and allowance for impairment on investments to a related company by Baht 609.45 million. The corporate income tax increased by Baht 0.04 million. As a result, the consolidated net profit after tax for the year ended December 31, 2014 decreased by Baht 1,169.43 million against last year (decreased by 57.02%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director and Company Secretary