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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

Mr WONG Kai Man

Mr Michael Wing-Nin CHIU

Professor LI Kwok Cheung Arthur

Non-executive directors

Mr KUOK Khoon Ean

Mr HO Kian Guan

Mr Roberto V ONGPIN

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

Hong Kong, 24 February 2014

## **AUDITOR'S REPORT**

To the Shareholders of Shangri-La Hotel Public Company Limited

I have audited the accompanying consolidated and company financial statements of Shangri-La Hotel Public Company Limited and its subsidiaries and of Shangri-La Hotel Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the related consolidated and company statements of income, and comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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 consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Shangri-La Hotel Public Company Limited and its subsidiaries and of Shangri-La Hotel Public Company Limited as at 31 December 2013, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Chanchai Chaiprasit  
Certified Public Accountant (Thailand) No. 3760  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
24 February 2014

**SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

**Shangri-La Hotel Public Company Limited**  
**Statements of Financial Position**  
**As at 31 December 2013**

		<b>Unit: Baht</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	2,009,453,963	650,118,336	700,451,644	503,603,181
Short-term investments		-	158,698	-	-
Trade and other receivables - net	7	183,530,874	196,873,643	182,459,957	196,786,194
Amount due from a related party	27	1,422,566	643,378	1,422,566	643,378
Short-term loans to and accrued interests from related parties	27	-	175,037,871	165,265,863	152,428,500
Inventories - net	8	34,275,608	38,197,618	34,275,608	38,197,618
Other current assets		8,831,713	6,575,431	8,811,979	6,554,116
<b>Total current assets</b>		<b>2,237,514,724</b>	<b>1,067,604,975</b>	<b>1,092,687,617</b>	<b>898,212,987</b>
<b>Non-current assets</b>					
Investments in subsidiaries - net	9	-	-	1,303,000,000	1,296,600,000
Investments in associates - net	10	1,476,991	-	-	-
Other long-term investments					
Investment in available-for-sale security	11	73,525,928	50,324,413	73,525,928	50,324,413
Investments in related parties	12	669,202,232	1,051,847,320	-	-
Investment in other company - net	13	131,150,597	120,011,332	-	-
Long-term loans to and accrued interest from related parties - net	27	1,323,072,542	454,287,632	-	-
Property and equipment - net	14	2,799,999,934	3,113,277,182	2,798,146,320	3,111,423,568
Intangible assets - net	15	3,457,878	3,625,537	3,457,878	3,625,537
Deferred tax assets - net	16	97,911,180	144,107,325	81,508,500	144,107,325
Deposits		5,015,248	5,842,575	5,015,248	5,842,575
<b>Total non-current assets</b>		<b>5,104,812,530</b>	<b>4,943,323,316</b>	<b>4,264,653,874</b>	<b>4,611,923,418</b>
<b>Total assets</b>		<b>7,342,327,254</b>	<b>6,010,928,291</b>	<b>5,357,341,491</b>	<b>5,510,136,405</b>

Director

Director

The accompanying notes are an integral part of these consolidated and company financial statements.

**Shangri-La Hotel Public Company Limited**  
**Statements of Financial Position (continued)**  
**As at 31 December 2013**

		<b>Unit: Baht</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	18	141,815,105	157,386,554	140,703,791	157,239,622
Amounts due to related parties	27	30,428,007	83,246,327	30,428,007	83,246,327
Construction payable		15,353,748	20,196,236	15,353,748	20,196,236
Short-term loan from a related party	27	-	461,662,500	494,241,000	461,662,500
Current portion of long-term loan from a financial institution	17	-	130,000,000	-	130,000,000
Accrued expenses		145,448,228	148,128,633	144,983,356	147,286,125
Interest payable to minority shareholders of subsidiary		48,053,536	53,173,936	-	-
Retention payable		9,465,081	10,131,606	9,465,081	10,131,606
Other current liabilities		102,723,895	65,716,159	102,033,607	65,716,159
<b>Total current liabilities</b>		<b>493,287,600</b>	<b>1,129,641,951</b>	<b>937,208,590</b>	<b>1,075,478,575</b>
<b>Non-current liabilities</b>					
Rental deposits		17,804,011	16,536,971	17,804,011	16,536,971
Employee benefit obligations	19	50,931,963	35,777,052	50,931,963	35,777,052
<b>Total non-current liabilities</b>		<b>68,735,974</b>	<b>52,314,023</b>	<b>68,735,974</b>	<b>52,314,023</b>
<b>Total liabilities</b>		<b>562,023,574</b>	<b>1,181,955,974</b>	<b>1,005,944,564</b>	<b>1,127,792,598</b>

The accompanying notes are an integral part of these consolidated and company financial statements.

**Shangri-La Hotel Public Company Limited**  
**Statements of Financial Position** (continued)  
**As at 31 December 2013**

		<b>Unit: Baht</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Liabilities and</b>					
<b>shareholders' equity</b> (continued)					
<b>Shareholders' equity</b>					
Share capital	20				
Authorised share capital					
Ordinary shares, 130,000,000 shares					
of par Baht 10 each					
		1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
Issued and fully paid up					
Ordinary shares, 130,000,000 shares					
of paid-up Baht 10 each					
		1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
Premium on ordinary shares		1,590,400,000	1,590,400,000	1,590,400,000	1,590,400,000
Retained earnings					
Appropriated - legal reserve					
	25	130,000,000	130,000,000	130,000,000	130,000,000
Unappropriated					
		2,501,544,068	743,224,840	1,316,991,807	1,361,769,523
Other components of equity		1,249,931,081	1,065,347,477	14,005,120	174,284
<b>Equity attributable to owners</b>					
<b>of the Group</b>					
		6,771,875,149	4,828,972,317	4,351,396,927	4,382,343,807
Non-controlling interests		8,428,531	-	-	-
<b>Total shareholders' equity</b>					
		6,780,303,680	4,828,972,317	4,351,396,927	4,382,343,807
<b>Total liabilities and</b>					
<b>shareholders' equity</b>					
		7,342,327,254	6,010,928,291	5,357,341,491	5,510,136,405

The accompanying notes are an integral part of these consolidated and company financial statements.

**Shangri-La Hotel Public Company Limited**

**Statements of Income**

**For the year ended 31 December 2013**

		<b>Unit: Baht</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>					
	Rooms	1,270,522,452	1,105,810,610	1,270,522,452	1,105,810,610
	Food and beverages	817,548,172	819,747,245	817,548,172	819,747,245
	Other hotel revenues	146,351,373	139,829,715	146,351,373	139,829,715
	<b>Total revenues</b>	<b>2,234,421,997</b>	<b>2,065,387,570</b>	<b>2,234,421,997</b>	<b>2,065,387,570</b>
	Costs of services	(752,926,641)	(701,273,746)	(752,926,641)	(701,273,746)
	<b>Gross profit</b>	<b>1,481,495,356</b>	<b>1,364,113,824</b>	<b>1,481,495,356</b>	<b>1,364,113,824</b>
	Other income	21 1,599,327,616	56,376,378	68,484,186	33,686,892
	<b>Profit before expenses</b>	<b>3,080,822,972</b>	<b>1,420,490,202</b>	<b>1,549,979,542</b>	<b>1,397,800,716</b>
	Selling expenses	152,566,462	147,700,666	152,566,462	147,700,666
	Administrative expenses	550,884,921	523,322,981	538,395,907	508,301,440
	Reversal of allowance for impairment of investments in and loans to related parties	(297,582,043)	-	(6,400,000)	-
	Depreciation and amortisation	14, 15 516,424,565	617,874,571	516,424,565	617,874,571
	Finance costs - net	28 40,563,498	10,361,857	42,129,208	10,361,857
	Share of losses from associate	13,506,331	-	-	-
	<b>Total expenses</b>	<b>976,363,734</b>	<b>1,299,260,075</b>	<b>1,243,116,142</b>	<b>1,284,238,534</b>
	<b>Profit before income tax</b>	<b>2,104,459,238</b>	<b>121,230,127</b>	<b>306,863,400</b>	<b>113,562,182</b>
	Income tax expense	23 (45,211,479)	(21,371,591)	(59,141,116)	(20,006,644)
	<b>Net profit for the year</b>	<b>2,059,247,759</b>	<b>99,858,536</b>	<b>247,722,284</b>	<b>93,555,538</b>
<b>Profit attributable to:</b>					
	Owners of the Group	2,050,819,228	99,858,536	247,722,284	93,555,538
	Non-controlling interests	8,428,531	-	-	-
		<b>2,059,247,759</b>	<b>99,858,536</b>	<b>247,722,284</b>	<b>93,555,538</b>
	Basic earnings per share	24 15.78	0.77	1.91	0.72

The accompanying notes are an integral part of these consolidated and company financial statements.



**Shangri-La Hotel Public Company Limited**  
**Statements of Comprehensive Income**  
**For the year ended 31 December 2013**

	Unit: Baht			
	Consolidated		Company	
	2013	2012	2013	2012
<b>Net profit for the year</b>	2,059,247,759	99,858,536	247,722,284	93,555,538
<b>Other comprehensive income (expense):</b>				
Fair value reserve on available-for-sale securities	31,642,269	95,966,618	23,201,515	20,260,478
Translation adjustments	162,312,014	6,371,281	-	-
Actuarial losses on defined employee benefit plans	(5,912,970)	-	(5,912,970)	-
Income tax relating to components of other comprehensive income	(3,457,709)	(4,052,096)	(3,457,709)	(4,052,096)
<b>Other comprehensive income for the year - net of tax</b>	<u>184,583,604</u>	<u>98,285,803</u>	<u>13,830,836</u>	<u>16,208,382</u>
<b>Total comprehensive income for the year</b>	<u><u>2,243,831,363</u></u>	<u><u>198,144,339</u></u>	<u><u>261,553,120</u></u>	<u><u>109,763,920</u></u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Group	2,235,402,832	198,144,339	261,553,120	109,763,920
Non-controlling interests	8,428,531	-	-	-
	<u><u>2,243,831,363</u></u>	<u><u>198,144,339</u></u>	<u><u>261,553,120</u></u>	<u><u>109,763,920</u></u>

The accompanying notes are an integral part of these consolidated and company financial statements.

Shangri-La Hotel Public Company Limited  
 Statements of Changes in Shareholders' Equity  
 For the year ended 31 December 2013

Consolidated											Unit: Baht	
Attributable to owners of the parent												
Other components of equity												
Other comprehensive income												
Notes	Issued and paid-up ordinary shares	Premium on ordinary shares	Retained earnings		Fair value reserve on available-for-sale security		Actuarial loss on defined employee benefit plans	Translation adjustments	Total	Total owners of the parent	Non-controlling interests	Total shareholders' equity
			Appropriated - legal reserve	Unappropriated	Other company	Related company						
<b>Beginning balance as at 1 January 2013</b>	1,300,000,000	1,590,400,000	130,000,000	743,224,840	174,284	306,608,639	-	758,564,554	1,065,347,477	4,828,972,317	-	4,828,972,317
Fair value reserve on available-for-sale securities	-	-	-	-	23,201,515	8,440,754	-	-	31,642,269	31,642,269	-	31,642,269
Translation adjustments	-	-	-	-	-	-	-	162,312,014	162,312,014	162,312,014	-	162,312,014
Deferred tax of unrealised gain on investment	-	-	-	-	(4,640,303)	-	-	-	(4,640,303)	(4,640,303)	-	(4,640,303)
Actuarial losses on defined employee benefit plans	-	-	-	-	-	-	(5,912,970)	-	(5,912,970)	(5,912,970)	-	(5,912,970)
Deferred tax of actuarial losses on defined employee benefit plans	-	-	-	-	-	-	1,182,594	-	1,182,594	1,182,594	-	1,182,594
Net profit for the year	-	-	-	2,050,819,228	-	-	-	-	-	2,050,819,228	8,428,531	2,059,247,759
Dividend paid	26	-	-	(292,500,000)	-	-	-	-	-	(292,500,000)	-	(292,500,000)
<b>Closing balance as at 31 December 2013</b>	<b>1,300,000,000</b>	<b>1,590,400,000</b>	<b>130,000,000</b>	<b>2,501,544,068</b>	<b>18,735,496</b>	<b>315,049,393</b>	<b>(4,730,376)</b>	<b>920,876,568</b>	<b>1,249,931,081</b>	<b>6,771,875,149</b>	<b>8,428,531</b>	<b>6,780,303,680</b>
<b>Beginning balance as at 1 January 2012</b>	1,300,000,000	1,590,400,000	130,000,000	740,866,304	(16,034,098)	230,902,499	-	752,193,273	967,061,674	4,728,327,978	-	4,728,327,978
Fair value reserve on available-for-sale securities	-	-	-	-	20,260,478	75,706,140	-	-	95,966,618	95,966,618	-	95,966,618
Translation adjustments	-	-	-	-	-	-	-	6,371,281	6,371,281	6,371,281	-	6,371,281
Deferred tax of unrealised gain on investment	-	-	-	-	(4,052,096)	-	-	-	(4,052,096)	(4,052,096)	-	(4,052,096)
Net profit for the year	-	-	-	99,858,536	-	-	-	-	-	99,858,536	-	99,858,536
Dividend paid	26	-	-	(97,500,000)	-	-	-	-	-	(97,500,000)	-	(97,500,000)
<b>Closing balance as at 31 December 2012</b>	<b>1,300,000,000</b>	<b>1,590,400,000</b>	<b>130,000,000</b>	<b>743,224,840</b>	<b>174,284</b>	<b>306,608,639</b>	<b>-</b>	<b>758,564,554</b>	<b>1,065,347,477</b>	<b>4,828,972,317</b>	<b>-</b>	<b>4,828,972,317</b>

The accompanying notes are an integral part of these consolidated and company financial statements.

Shangri-La Hotel Public Company Limited  
 Statements of Changes in Shareholders' Equity (continued)  
 For the year ended 31 December 2013

		Company						Unit: Baht	
				Retained earnings		Other components of equity			
		Issued and paid-up ordinary shares	Premium on ordinary shares	Appropriated		Other comprehensive income		Total other components of equity	Total
Notes				- legal reserve	Unappropriated	Fair value reserve on available-for-sale security - other company	Actuarial loss on defined employee benefit plans		
	<b>Beginning balance as at 1 January 2013</b>	1,300,000,000	1,590,400,000	130,000,000	1,361,769,523	174,284	-	174,284	4,382,343,807
	Fair value reserve on available-for-sale security	-	-	-	-	23,201,515	-	23,201,515	23,201,515
	Deferred tax of unrealised gain on investment	-	-	-	-	(4,640,303)	-	(4,640,303)	(4,640,303)
	Actuarial losses on defined employee benefit plans	-	-	-	-	-	(5,912,970)	(5,912,970)	(5,912,970)
	Deferred tax of actuarial losses on defined employee benefit plans	-	-	-	-	-	1,182,594	1,182,594	1,182,594
	Net profit for the year	-	-	-	247,722,284	-	-	-	247,722,284
26	Dividend paid	-	-	-	(292,500,000)	-	-	-	(292,500,000)
	<b>Closing balance as at 31 December 2013</b>	<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>
	<b>Beginning balance as at 1 January 2012</b>	1,300,000,000	1,590,400,000	130,000,000	1,365,713,985	(16,034,098)	-	(16,034,098)	4,370,079,887
	Fair value reserve on available-for-sale security	-	-	-	-	20,260,478	-	20,260,478	20,260,478
	Deferred tax of unrealised gain on investment	-	-	-	-	(4,052,096)	-	(4,052,096)	(4,052,096)
	Net profit for the year	-	-	-	93,555,538	-	-	-	93,555,538
26	Dividend paid	-	-	-	(97,500,000)	-	-	-	(97,500,000)
	<b>Closing balance as at 31 December 2012</b>	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>1,361,769,523</u>	<u>174,284</u>	<u>-</u>	<u>174,284</u>	<u>4,382,343,807</u>

The accompanying notes are an integral part of these consolidated and company financial statements.

**Shangri-La Hotel Public Company Limited**

**Statements of Cash Flows**

**For the year ended 31 December 2013**

	Notes	Unit: Baht			
		Consolidated		Company	
		2013	2012	2013	2012
<b>Cash flows from operating activities:</b>					
Profit before income tax		2,104,459,238	121,230,127	306,863,400	113,562,182
Adjustments for:					
Depreciation and amortisation	14, 15	516,424,565	617,874,571	516,424,565	617,874,571
Doubtful accounts		(181,371)	361,673	(181,371)	361,673
Stock obsolescence		119,994	-	119,994	-
Reversal of allowance for impairment of investments and loan to related parties		(297,582,043)	-	(6,400,000)	-
Reversal of allowance for doubtful interest receivable from a related party		-	-	(6,879,600)	(5,733,000)
Allowance for impairment of investment in other company		3,861,881	1,705,312	-	-
Gain on sales of property and equipment		(1,323,261)	(1,271,864)	(1,323,261)	(1,271,864)
Gain on sales of investment in related party	12	(1,470,610,862)	-	-	-
Employee benefits expenses		11,871,871	4,328,242	11,871,871	4,328,242
Interest income		(41,537,353)	(13,940,411)	(18,391,012)	(11,950,505)
Interest expenses		9,550,708	22,231,357	9,550,708	22,231,357
Dividend income		(23,095,437)	(21,669,659)	(2,178,546)	(1,742,837)
Realised/unrealised (gain)/loss on exchange rates		8,120,613	(14,887,844)	21,618,000	(11,869,500)
Share of losses from associate		13,506,331	-	-	-
Profit from operating activities before changes in operating assets and liabilities		833,584,874	715,961,504	831,094,748	725,790,319
Trade and other receivables		15,310,103	(83,711,097)	15,310,103	(83,711,097)
Amount due from a related party		(779,188)	(643,378)	(779,188)	(643,378)
Inventories		3,802,016	5,959,184	3,802,016	5,959,184
Other current assets		654,465	1,605,583	652,868	1,611,430
Deposits		827,327	3,484,602	827,327	3,484,602
Trade and other payables		(16,535,831)	49,432,737	(16,535,831)	48,023,913
Amounts due to related parties		(52,818,320)	15,960,445	(52,818,320)	15,960,445
Interest payable to minority shareholders of subsidiary		(5,120,400)	(4,267,000)	-	-
Retention payable		(666,525)	(9,272,180)	(666,525)	(9,272,180)
Accrued expenses and other current liabilities		34,225,675	35,186,565	34,014,679	34,991,778
Rental deposits		1,267,040	(813,834)	1,267,040	(813,834)
Employee benefit obligations paid		(2,629,930)	(296,460)	(2,629,930)	(296,460)
Cash generated from operations		811,121,306	728,586,671	813,538,987	741,084,722
Interests paid		(12,696,332)	(23,291,948)	(9,550,708)	(23,291,948)
Tax paid		(4,426,740)	(4,530,085)	(2,910,731)	(2,880,093)
<b>Net cash receipts from operating activities</b>		<b>793,998,234</b>	<b>700,764,638</b>	<b>801,077,548</b>	<b>714,912,681</b>

The accompanying notes are an integral part of these consolidated and company financial statements.

**Shangri-La Hotel Public Company Limited**  
**Statements of Cash Flows (continued)**  
**For the year ended 31 December 2013**

		<b>Unit: Baht</b>			
		<b>Consolidated</b>		<b>Company</b>	
<b>Notes</b>		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Cash flows from investing activities:</b>					
	Proceeds (payments) for short-term investments - net	158,698	(4,246)	-	-
	Proceeds of loan to related companies	171,672,953	127,981,044	-	-
	Payments of loan to related companies	(503,008,437)	(327,391,374)	-	(156,375,000)
	Proceeds from interest income	28,602,451	12,630,563	15,711,654	10,669,820
	Proceeds from interest receivable from subsidiary	-	-	6,879,600	5,733,000
	Proceeds from sales of investment in a related party	12 1,877,207,266	-	-	-
	Proceeds from sales of property and equipment	1,517,326	1,317,145	1,517,326	1,317,145
	Purchases of property, equipment and intangible assets and payment for construction payable	(208,016,211)	(155,949,297)	(208,016,211)	(155,949,297)
	Dividends received	23,095,437	21,669,659	2,178,546	1,742,837
	<b>Net cash receipts from (used in) investing activities</b>	<b>1,391,229,483</b>	<b>(319,746,506)</b>	<b>(181,729,085)</b>	<b>(292,861,495)</b>
<b>Cash flows from financing activities:</b>					
	Dividends paid	26 (292,500,000)	(97,500,000)	(292,500,000)	(97,500,000)
	Proceeds of loan from a subsidiary	-	-	467,557,500	-
	Payments of loan from a related party	(467,557,500)	-	(467,557,500)	-
	Payments of loan from a financial institution	(130,000,000)	(70,000,000)	(130,000,000)	(70,000,000)
	<b>Net cash used in financing activities</b>	<b>(890,057,500)</b>	<b>(167,500,000)</b>	<b>(422,500,000)</b>	<b>(167,500,000)</b>
	<b>Net increase in cash and cash equivalents</b>	<b>1,295,170,217</b>	<b>213,518,132</b>	<b>196,848,463</b>	<b>254,551,186</b>
	Cash and cash equivalents at the beginning of year	650,118,336	432,441,706	503,603,181	249,051,995
	Exchange gains on cash and cash equivalents	64,165,410	4,158,498	-	-
	<b>Cash and cash equivalents at the end of year</b>	<b>6 2,009,453,963</b>	<b>650,118,336</b>	<b>700,451,644</b>	<b>503,603,181</b>
<b>Non-cash transactions</b>					
	Payable from purchases of property, equipment and construction	15,353,748	23,573,061	15,353,748	23,573,061

The accompanying notes are an integral part of these consolidated and company financial statements.

## **1 General information**

Shangri-La Hotel Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

89 Soi Wat Suan Plu, Charoenkrung Road, Bangrak, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operations of the Group are hotel operations in Bangkok and Chiang Mai provinces.

These Groups’s consolidated and company financial statements were authorised for issue by the Board of Directors on 24 February 2014.

## **2 Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

### **2.1 Basis of preparation**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission (“SEC”) under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention, except as disclosed otherwise in the accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and company financial statements are disclosed in note 4.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (continued)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

1. New/revised accounting standards which are effective on 1 January 2013 and are relevant or have an impact to the Group are:

TAS 12	Income Taxes
TAS 21 (revised 2009)	The effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred taxes. The Group had early applied TAS 12 since the prior periods; as such, there is no impact to the Company. Accounting policies for current and deferred income taxes are described in Note 2.14.

TAS 21 (Revised 2009) requires an entity to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Group assessed and concluded that Thai Baht is the Group's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.4.

TFRS 8 requires the operating segments to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.20. The impact to the Group in applying TFRS 8 is only on a disclosure.

2. Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group:

a) Revised accounting standards effective for the periods beginning on or after 1 January 2014

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)	Interest in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 38 (Revised 2012)	Intangible Assets
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

However, these revised standards do not have significant impacts to the Group's financial statements.

2 Accounting policies (continued)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (continued)

2. Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group: (continued)

b) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) effective for the periods beginning on or after 1 January 2014

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 IAS 29 Financial Reporting in Hyperinflationary Economies
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
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Web Site Costs

However, these interpretations do not have significant impacts to the Group's financial statements, except for the following interpretation.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. The management is currently assessing the impact of applying this interpretation.

c) New financial reporting standard which is effective for the periods beginning on or after 1 January 2016

TFRS 4	Insurance contracts
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However, this reporting standard is irrelevant to the Group's business operations.



**2 Accounting policies (continued)**

**2.3 Group Accounting - Investments in subsidiaries and associates**

*a) Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies and generally accompanying a shareholding of more than one-half of the voting right. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Intercompany transactions, balances, and unrealised gains or losses on transactions between group companies are eliminated; unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the company financial statements, investments in subsidiaries are accounted for at cost less allowance for impairment (if any).

A list of the Group's principal subsidiaries is shown in Note 9.

*b) Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

*c) Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statement, investments in associates are initially recognised at cost and are accounted for using the equity method of accounting. The Group's investment in associates includes goodwill (if any) identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

**2 Accounting policies (continued)**

**2.3 Group Accounting - Investments in subsidiaries and associates (continued)**

*c) Associates (continued)*

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the company financial statements, investments in associates are accounted for at cost less allowance for impairment (if any).

A list of the Group's principal associates is shown in Note 10.

**2.4 Foreign currency transactions**

*a) Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the company's functional and the group's presentation currency.

*b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in the statement of income, any exchange component of that gain or loss is recognised in the statement of income.

*c) Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**2 Accounting policies (continued)**

**2.5 Cash and cash equivalents**

In the consolidated and company statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

**2.6 Trade accounts receivable**

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less an allowance for doubtful receivables based on a review of all outstanding amounts at year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collected. Bad debts are written off during the year in which they are identified and recognised in the statements of income within administrative expenses.

**2.7 Inventories**

Inventories are stated at the lower of cost or net realisable value. Costs of inventories are determined by the following methods:

- |   |                  |
|---|------------------|
| • Food and beverages  | Weighted average |
| • Operating equipment   | Weighted average |
| • General supplies  | Weighted average |
| • Engineering tools, sparepart and supplies (other than fuel and gas) | Weighted average |
| • Fuel and gas  | Weighted average |

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Net realisable value is an estimate of selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow moving, and defective inventories.

**2.8 Investments**

Investments other than investments in subsidiaries and associates of the Group are classified into 1. Available-for-sale investments and 2. General investments. The classification depends on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

*Available-for-sale investments* are investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates. Available-for-sale investments are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of available for sale investments are recognised in equity.

*General investments* are non-marketable equity securities and carried at cost less allowance for impairment (if any).

**2 Accounting policies (continued)**

**2.8 Investments (continued)**

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

**2.9 Investment property - land**

Property that is held by the Group with no specific purposes is classified as investment property.

Investment property - land is measured initially at its cost, including related transaction costs and borrowing costs.

After initial recognition, investment property - land is carried at cost less accumulated impairment losses (if any).

Investment property - land is presented as property and equipment in the consolidated statement of financial position because the investment property - land at cost is not material to the consolidated financial statements.

**2.10 Property and equipment**

The Group's accounting policy regarding property and equipment, and depreciation is as follows:

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on assets other than land is calculated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings and building improvements	20 - 40 years
Machinery and building's equipment	10 - 15 years
Furniture, fixture and equipment	5 years
Operating equipment	5 years
Computers	3 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period.

Initial acquisitions of operating equipment are recorded as assets. Operating equipment acquired thereafter is recorded as inventories and directly charged to operating expenses upon use in the operation.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (note 2.12).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in statement of income.

**2 Accounting policies (continued)**

**2.11 Intangible assets**

*Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is calculated using the straight-line method to allocate the cost of computer software over their estimated useful lives of 3 and 5 years.

**2.12 Impairment of assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill (if any) that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.13 Leases**

**Where the Group is a lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

**Where the Group is a lessor**

Assets leased out under operating leases are included in property and equipment in the statements of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

**2.14 Current and deferred income taxes**

The tax expense for the year comprises current and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

**2 Accounting policies (continued)**

**2.14 Current and deferred income tax (continued)**

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income taxes are provided on temporary differences arising mainly from loss carried forward and allowance for investments and loans to related parties, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**2.15 Employee benefits**

*Provident fund*

The Group operates a provident fund, being a defined contribution plan, the asset for which is held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Group.

The Group's contributions to the provident fund are charged to the statements of income in the year to which they relate.

*Retirement benefits*

The retirement benefit is a defined benefit plan that an employee will receive on retirement according to Thai Labour Law depending on age and years of service.

The liability for retirement benefits is recognised in the consolidated and company statement of financial position using the present value of the obligations at the statement of financial position date and past service costs. The retirement benefit is calculated by an independent actuary using the projected unit credit method. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related retirement liabilities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

*Long-term benefits*

The Group provides long-term benefits to certain employees. The entitlement to these awards is conditional on the staff remaining in service up to the completion of the minimum entitlement service periods. The long-term benefit is calculated by an independent actuary. The present value of the benefit obligations is determined by discounting the estimated future cash outflows using interest rates of referred government bonds that are denominated in the currency in which the benefit will be paid and that have terms to maturity approximating to the terms of the long-term benefits.

**2.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**2 Accounting policies (continued)**

**2.17 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.18 Revenue recognition**

Revenues from hotel operations mainly consist of revenues from room, food and beverage and other hotel revenues. Other hotel revenues mainly comprise rental income, spa, etc. The revenues from hotel operations are recognised when the services are rendered. The revenues represent the invoiced value (excluding VAT) of goods supplied and service rendered after deducting discounts and service charges.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period of maturity, when it is determined that such income will be accrued to the Group.

Dividend income is recognised when the right to receive payment is established.

**2.19 Dividends**

Dividends are recorded in the consolidated and company's financial statements in the period in which the interim dividends are approved by the Board of Directors and the annual dividends are approved by the Company's shareholders.

**2.20 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board that makes strategic decisions.

**2.21 Financial instruments**

The Group's financial assets carried on the statement of financial position include cash and cash equivalents, short-term investment, trade and other receivables, amounts due from and loans to and accrued interest from related parties, and available-for-sale securities. The Group's financial liabilities carried on the statement of financial position include trade and other payables, amounts due to related parties, construction payable, short-term loan from a related party, retention payable and long-term loan from a financial institution. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The carrying amounts of financial assets and financial liabilities approximate their fair value.

## **2 Accounting policies (continued)**

### **2.22 Financial risk management**

#### **Financial risk factors**

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Group management under policies approved by the Board of Directors. The management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk use of derivative financial instruments and investing excess liquidity.

#### a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from short-term loan from a related party, short-term loans to related parties and amount due to related parties in USD currency. The Group does not hedge its exposure to foreign currency risk in connection with measurement currency.

#### b) Interest rate risk

The Group is exposed to interest rate risk arising from long-term loan from a financial institution and short-term loan from a related party with respect to floating interest rate. The Group does not hedge its exposure to interest rate risk.

#### c) Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that services are made to customers with an appropriate credit history. The management of the Group believes that the maximum exposure to credit risk is the carrying amount of the accounts receivable less allowance for doubtful accounts, as stated in the consolidated statement of financial position.

## **3 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and issue new shares to reduce debt.

## **4 Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's significant accounting estimates and judgements are as follows:



**4 Critical accounting estimates and judgments (continued)**

**4.1 Impairment of investments**

The Group treats investments in subsidiaries, associates and other investments as impaired when the management estimates that there has been a significant or prolonged decline in the fair value below their cost or whether other conditions of impairment exists. The determination of impairment requires management's estimates and assumptions.

**4.2 Employee benefits**

The present value of the employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employee benefits include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related employee benefit obligations.

**4.3 Impairment of loans to related parties**

The Group assesses capability for loan repayment by the related parties by considering the environment, operating results and plans for operations in the future.

The Group provided loans to associates in Myanmar. When considering capability for loan repayment for the purpose of estimating allowance for impairment, the management's estimation is highly subject to consideration of risk of politics, economy and overall environment in Myanmar.

**5 Segment information**

The operations of the Company and its subsidiaries involve two main industry segments, the hotel business and investment holding. The segment reporting is disclosed as follows:

	Consolidated				
	For the year ended 31 December 2013				
	Hotel in Bangkok Baht'000	Hotel in Chiangmai Baht'000	Holding Business Baht'000	Elimination of transactions Baht'000	Total Baht'000
Revenues from operations	1,850,259	384,163	-	-	2,234,422
Revenues from inter segment	-	-	-	-	-
Revenues from outside customers	1,850,259	384,163	-	-	2,234,422
Gross profit	1,225,138	256,357	-	-	1,481,495
Interest income	18,389	2	28,184	(5,037)	41,538
Other income	42,458	7,635	1,508,254	(557)	1,557,790
Depreciation and amortisation	(405,399)	(111,026)	-	-	(516,425)
Finance cost - net	(42,129)	-	(4,895)	6,461	(40,563)
Profit (loss) before income tax	315,792	(8,929)	1,824,839	(27,243)	2,104,459
Income tax	(59,141)	-	13,930	-	(45,211)
Net profit (loss) for the year	256,651	(8,929)	1,838,769	(27,243)	2,059,248
Property and equipment - net	1,774,703	1,023,443	6,804	(4,950)	2,800,000
Total assets	4,252,949	1,104,392	5,933,794	(3,948,808)	7,342,327

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**5 Segment information (continued)**

The operations of the Company and its subsidiaries involve two main industry segments, the hotel business and investment holding. The segment reporting is disclosed as follows: (continued)

	<b>Consolidated</b>				
	<b>For the year ended 31 December 2012</b>				
	<b>Hotel Business</b>		<b>Holding Business Baht'000</b>	<b>Elimination of transactions Baht'000</b>	<b>Total Baht'000</b>
<b>Hotel in Bangkok Baht'000</b>	<b>Hotel in Chiangmai Baht'000</b>				
Revenues from operations	1,735,589	329,799	-	-	2,065,388
Revenues from inter segment	-	-	-	-	-
Revenues from outside customers	1,735,589	329,799	-	-	2,065,388
Gross profit	1,149,985	214,129	-	-	1,364,114
Interest income	11,949	1	1,990	-	13,940
Other income	20,335	1,402	19,927	772	42,436
Depreciation and amortisation	(414,872)	(203,003)	-	-	(617,875)
Finance cost - net	(10,362)	-	-	-	(10,362)
Profit (loss) before income tax	247,867	(134,305)	12,628	(4,960)	121,230
Income tax	(20,006)	-	(1,366)	-	(21,372)
Net profit (loss) for the year	227,861	(134,305)	11,263	(4,960)	99,859
Property and equipment - net	1,982,247	1,129,177	6,804	(4,951)	3,113,277
Total assets	4,332,589	1,177,547	3,395,842	(2,895,050)	6,010,928

**6 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Cash on hand	6,759	6,240	6,759	6,239
Cheques on hand	6,950	16,607	6,950	16,607
Deposits at financial institutions	116,594	82,655	71,717	39,853
Fixed deposit receipts	1,879,151	544,616	615,026	440,904
Cash and cash equivalents	2,009,454	650,118	700,452	503,603

As at 31 December 2013, deposits held at call with financial institutions and fixed deposit receipts bore interest rates ranging between 0% to 3.10% per annum (2012: 0% to 3.15% per annum).

**7 Trade and other receivables - net**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Trade accounts receivable	165,618	178,585	165,618	178,585
<u>Less</u> Allowance for doubtful accounts	(1,039)	(1,220)	(1,039)	(1,220)
Trade accounts receivable - net	164,579	177,365	164,579	177,365
Prepayments	11,605	10,256	11,605	10,256
Other receivables	7,347	9,253	6,276	9,165
	183,531	196,874	182,460	196,786

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**7 Trade and other receivables - net (continued)**

Outstanding trade accounts receivable as at 31 December are classified by aging as follows:

	<b>Consolidated and Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Less than 120 days	163,233	176,992
120 - 180 days	402	804
Over 180 days	1,983	789
<b>Total</b>	<b>165,618</b>	<b>178,585</b>
<u>Less</u> Allowance for doubtful accounts	(1,039)	(1,220)
Trade accounts receivable - net	<u>164,579</u>	<u>177,365</u>

**8 Inventories - net**

	<b>Consolidated and Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Food and beverages	10,023	10,478
Operating equipment	10,059	11,393
General supplies	8,497	9,094
Engineering tools, spare parts and supplies	7,321	8,737
<b>Total</b>	<b>35,900</b>	<b>39,702</b>
<u>Less</u> Allowance for slow-moving and obsolete inventories		
- Food and beverage	-	(198)
- Operating equipment	(550)	-
- General supplies	(82)	(1,068)
- Engineering tools, spare parts and supplies	(992)	(238)
Inventories - net	<u>34,276</u>	<u>38,198</u>

The cost of inventories recognised as expense and included in cost of service was Baht 257.09 million (2012: Baht 251.30 million).

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**9 Investments in subsidiaries - net**

Investments in subsidiaries as at 31 December 2013 and 2012 comprise investments in the following companies:

Company's name	Country of incorporation	Nature of business	Paid-up capital	Company			
				Percentage of holding		Cost	
				2013	2012	2013 Baht'000	2012 Baht'000
Town Development Co., Ltd.	Thailand	Holding company	Baht 1,303 million	100.00	100.00	1,303,000	1,303,000
Apizaco Limited (Held by Town Development Co., Ltd.)	Hongkong	Holding company	HK\$ 206 million	100.00	100.00	-	-
Hasfield Holdings Pte., Ltd. (Held by Town Development Co., Ltd.)	Singapore	Holding company	S\$ 34 million	100.00	100.00	-	-
Zukerman Limited (Held by Apizaco Limited)	British Virgin	Holding company	US\$ 1	100.00	100.00	-	-
TRR - Kerry Development Co., Ltd. (Held by Town Development Co., Ltd.)	Thailand	Holding company	Baht 231 million	57.33	57.33	-	-
						1,303,000	1,303,000
						-	(6,400)
						1,303,000	1,296,600

Less Allowance for impairment on investments in subsidiaries

Investments in subsidiaries - net

**Dividend income**

During the years ended 31 December 2013 and 2012, the Company had no dividend income from subsidiaries.

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**10 Investments in associates - net**

Investments in associates as at 31 December 2013 and 2012 comprise investments in the following companies:

Company's name	Country of incorporation	Nature of business	Percentage of holding		Consolidated Cost method		Equity method	
			2013	2012	2013	2012	2013	2012
					Baht'000	Baht'000	Baht'000	Baht'000
<u>Associates</u>								
<u>(Held by Zukerman Limited)</u>								
Traders Yangon Co., Ltd.	Myanmar	Hotel	23.53	23.53	29,290	27,348	-	-
Shangri-La Yangon Co., Ltd.	Myanmar	Serviced apartments	22.22	22.22	17,313	16,165	785	13,341
Traders Square Co., Ltd.	Myanmar	Not yet operated	23.56	23.56	692	645	692	645
							1,477	13,986
<u>Less</u> Allowance for impairment on investment in an associate							-	(13,986)
Investments in associates - net							1,477	-

**10 Investments in associates - net (continued)**

The movement of investments in associates during the year ended 31 December 2013 is as follows:

	<b>Consolidated</b>
	<b>2013</b>
	<b>Baht'000</b>
As at 1 January	-
Share of loss	(13,506)
Reversal of impairment loss	13,986
Exchange differences	997
As at 31 December	<u>1,477</u>

Zukerman Limited, a subsidiary of Apizaco Limited, has investments in three associates in Myanmar, which are engaged in hotel business, running serviced apartments and developing a hotel and a commercial complex. As at 31 December 2013, Zukerman Limited recorded total net investments in and loans to its associates of approximately HKD 313.30 million (31 December 2012: HKD 114.98 million). The hotel of one associate is currently operating. The serviced apartments were launched on 1 December 2013, and starting generating operating revenue. The commercial complex is currently under construction.

Prior to 2013, the operations of these three associates were affected by the economic and political uncertainties in Myanmar. As such, allowance for impairment of investments in and loans to these three associates had been provided.

As at 31 December 2013, the Group management had reversed all allowance for impairment on investments in Shangri-La Yangon Co., Ltd. and Trader Square Co., Ltd. The construction of Shangri-La Yangon Co., Ltd.'s residential project in Myanmar was completed and the serviced apartments were launched on 1 December 2013. Based on a recent valuation done by an independent valuer, the fair value exceeds cost of investment and related loans. Traders Square Co., Ltd. is in its initial stage of constructing a commercial complex. The management has assessed that the Group should reverse the allowance for impairment since there have been changes in circumstance which cause the previous impairment indicators ceased.

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**10 Investments in associates - net (continued)**

The Group's share of the result of its principal associates are summarised as follows:

Name	% Interest held	2013				Unit: Baht'000
		Assets	Liabilities	Revenues	Profit	
Traders Yangon Co., Ltd.	23.53%	639,490	1,048,398	187,449	23,578	
Shangri-La Yangon Co., Ltd.	22.22%	848,850	848,065	397	(12,647)	
Traders Square Co., Ltd.	23.56%	300,583	299,891	-	-	

  

Name	% Interest held	2012				Unit: Baht'000
		Assets	Liabilities	Revenues	Profit	
Traders Yangon Co., Ltd.	23.53%	563,619	968,841	114,947	11,972	
Shangri-La Yangon Co., Ltd.	22.22%	478,965	465,624	-	-	
Traders Square Co., Ltd.	23.56%	78,646	78,000	-	-	

The financial information of the associates is based on the financial statements prepared by the management of such associates.

**11 Investment in available-for-sale security**

	Consolidated and Company	
	2013 Baht'000	2012 Baht'000
Ordinary shares of Post Publishing Public Co., Ltd.	50,107	50,107
Add Fair value reserve	23,419	217
	<u>73,526</u>	<u>50,324</u>

**12 Investments in related parties**

	Country of incorporation	Nature of business	Consolidated			
			Percentage of holding		Cost	
			2013	2012	2013 Baht'000	2012 Baht'000
<b>Related company - at cost</b>						
Cuscaden Properties Pte., Ltd. (Held by Hasfield Holdings Pte., Ltd.)	Singapore	Hotel and commercial complex	-	14.60	-	414,566
<b>Available-for-sale security - at fair value</b>						
Shangri-La Asia Ltd. (Held by Apizaco Limited)	Bermuda	Holding company	0.33	0.33	354,153	330,673
Add Fair value reserve					315,049	306,608
					<u>669,202</u>	<u>637,281</u>
Total					<u>669,202</u>	<u>1,051,847</u>

**12 Investments in related parties (continued)**

The movement of investments in related parties during the year ended 31 December 2013 is as follows:

	<b>Consolidated Baht'000</b>
<b>Beginning balance as at 1 January 2013</b>	1,051,847
Disposal of investments	(394,222)
Realised loss on exchange rate from disposal of investments	(20,344)
Fair value reserve	(12,447)
Translation adjustments	44,368
<b>Closing balance as at 31 December 2013</b>	<b>669,202</b>

In March 2013, the Group disposed of the investment in Cuscaden Properties Pte., Ltd. to a related party in Singapore at the value of SGD 76,456,100 (as at 31 December 2013, equivalent to Baht 1,877.21 million). The Group recognised gain on disposal of the investment of SGD 59,895,981 (as at 31 December 2013, equivalent to Baht 1,470.61 million) as other income in the statement of income during the year.

**Dividend income**

During the year ended 31 December 2013, the Group received dividend income from Shangri-La Asia Ltd. totalling Baht 7.49 million (2012: Baht 8.42 million).

**13 Investment in other company - net**

	<b>Consolidated</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Don Muang Tollway Public Co., Ltd.	213,164	213,164
<u>Less</u> Allowance for impairment on investment	<u>(82,013)</u>	<u>(93,153)</u>
	<u>131,151</u>	<u>120,011</u>

**Dividend income**

During the year ended 31 December 2013, the Group received dividend income from Don Muang Tollway Public Co., Ltd. amounting to Baht 13.43 million (2012: Baht 11.51 million).



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14 Property and equipment - net

	Consolidated						Unit: Baht'000	
	Land	Buildings and building improvements	Machinery and building equipment	Furniture, fixture, equipment and computers	Operating equipment	Vehicles	Construction in progress	Total
<b>At 1 January 2012</b>								
Cost	495,363	3,306,747	1,091,448	3,453,334	96,752	7,623	13,542	8,464,809
Less Accumulated depreciation	-	(1,725,458)	(693,249)	(2,334,780)	(85,666)	(5,091)	-	(4,844,244)
Net book amount	495,363	1,581,289	398,199	1,118,554	11,086	2,532	13,542	3,620,565
<b>For the year ended 31 December 2012</b>								
Opening net book amount	495,363	1,581,289	398,199	1,118,554	11,086	2,532	13,542	3,620,565
Additions	-	307	1,341	23,919	2,734	590	81,029	109,920
Disposals and write-offs	-	-	(14)	(30)	-	(2)	-	(46)
Transfers in/ (out)	-	35,788	31,106	(29,376)	-	-	(39,622)	(2,104)
Depreciation charges	-	(106,676)	(65,657)	(434,641)	(6,772)	(1,312)	-	(615,058)
Closing net book amount	495,363	1,510,708	364,975	678,426	7,048	1,808	54,949	3,113,277
<b>At 31 December 2012</b>								
Cost	495,363	3,342,840	1,119,079	3,429,574	99,486	8,029	54,949	8,549,320
Less Accumulated depreciation	-	(1,832,132)	(754,104)	(2,751,148)	(92,438)	(6,221)	-	(5,436,043)
Net book amount	495,363	1,510,708	364,975	678,426	7,048	1,808	54,949	3,113,277

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14 Property and equipment - net (continued)

	Consolidated						Unit: Baht'000	
	Land	Buildings and building improvements	Machinery and building equipment	Furniture, fixture, equipment and computers	Operating equipment	Vehicles	Construction in progress	Total
<b>For the year ended 31 December 2013</b>								
Opening net book amount	495,363	1,510,708	364,975	678,426	7,048	1,808	54,949	3,113,277
Additions	-	279	1,895	25,051	2,371	-	172,059	201,655
Disposals and write-offs	-	-	-	(195)	-	-	-	(195)
Transfers in/ (out)	-	38,128	33,021	134,677	-	-	(206,451)	(625)
Depreciation charges	-	(104,746)	(71,217)	(333,870)	(3,406)	(873)	-	(514,112)
Closing net book amount	495,363	1,444,369	328,674	504,089	6,013	935	20,557	2,800,000
<b>At 31 December 2013</b>								
Cost	495,363	3,381,247	1,150,016	3,566,052	101,857	8,028	20,557	8,723,130
<u>Less</u> Accumulated depreciation	-	(1,936,878)	(821,342)	(3,061,963)	(95,844)	(7,093)	-	(5,923,120)
Net book amount	495,363	1,444,369	328,674	504,089	6,013	935	20,557	2,800,000

In the consolidated financial statements, land includes investment property - land which is stated at cost of Baht 6.80 million.

The fair value of investment property - land is referenced to the land value assessed by the Department of Land of Baht 25.15 million.

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14 Property and equipment - net (continued)

	Company						Unit : Baht'000	
	Land	Buildings and Building improvements	Machinery and building equipment	Furniture, fixture, equipment and computers	Operating equipment	Vehicles	Construction in progress	Total
<b>At 1 January 2012</b>								
Cost	493,510	3,306,747	1,091,447	3,453,334	96,752	7,623	13,542	8,462,955
<u>Less</u> Accumulated depreciation	-	(1,725,458)	(693,249)	(2,334,780)	(85,666)	(5,091)	-	(4,844,244)
Net book amount	<u>493,510</u>	<u>1,581,289</u>	<u>398,198</u>	<u>1,118,554</u>	<u>11,086</u>	<u>2,532</u>	<u>13,542</u>	<u>3,618,711</u>
<b>For the year ended 31 December 2012</b>								
Opening net book amount	493,510	1,581,289	398,198	1,118,554	11,086	2,532	13,542	3,618,711
Additions	-	307	1,341	23,919	2,734	590	81,029	109,920
Disposals and write-offs	-	-	(14)	(29)	-	(2)	-	(45)
Transfers in/ (out)	-	35,788	31,106	(29,376)	-	-	(39,622)	(2,104)
Depreciation charges	-	(106,676)	(65,657)	(434,641)	(6,772)	(1,312)	-	(615,058)
Closing net book amount	<u>493,510</u>	<u>1,510,708</u>	<u>364,974</u>	<u>678,427</u>	<u>7,048</u>	<u>1,808</u>	<u>54,949</u>	<u>3,111,424</u>
<b>At 31 December 2012</b>								
Cost	493,510	3,342,840	1,119,078	3,429,574	99,486	8,029	54,949	8,547,466
<u>Less</u> Accumulated depreciation	-	(1,832,132)	(754,104)	(2,751,147)	(92,438)	(6,221)	-	(5,436,042)
Net book amount	<u>493,510</u>	<u>1,510,708</u>	<u>364,974</u>	<u>678,427</u>	<u>7,048</u>	<u>1,808</u>	<u>54,949</u>	<u>3,111,424</u>

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**14 Property and equipment - net (continued)**

	Company						Unit : Baht'000	
	Land	Buildings and Building improvements	Machinery and building equipment	Furniture, fixture, equipment and computers	Operating equipment	Vehicles	Construction in progress	Total
<b>For the year ended 31 December 2013</b>								
Opening net book amount	493,510	1,510,708	364,974	678,427	7,048	1,808	54,949	3,111,424
Additions	-	279	1,896	25,050	2,371	-	172,058	201,653
Disposals and write-offs	-	-	-	(195)	-	-	-	(195)
Transfers in/ (out)	-	38,128	33,021	134,677	-	-	(206,451)	(625)
Depreciation charges	-	(104,746)	(71,217)	(333,870)	(3,406)	(873)	-	(514,112)
Closing net book amount	<u>493,510</u>	<u>1,444,369</u>	<u>328,674</u>	<u>504,089</u>	<u>6,013</u>	<u>935</u>	<u>20,556</u>	<u>2,798,146</u>
<b>At 31 December 2013</b>								
Cost	493,510	3,381,247	1,150,016	3,566,052	101,857	8,028	20,556	8,721,266
<u>Less</u> Accumulated depreciation	-	(1,936,878)	(821,342)	(3,061,963)	(95,844)	(7,093)	-	(5,923,120)
Net book amount	<u>493,510</u>	<u>1,444,369</u>	<u>328,674</u>	<u>504,089</u>	<u>6,013</u>	<u>935</u>	<u>20,556</u>	<u>2,798,146</u>

As at 31 December 2013, the consolidated and company's gross amount of fully depreciated property and equipment that are still in use totaled Baht 3,390 million (31 December 2012: Baht 2,638 million).

**15 Intangible assets - net**

	<b>Consolidated and Company Baht'000</b>
<i>Computer software</i>	
<b>At 1 January 2012</b>	
Cost	40,961
<u>Less</u> Accumulated amortisation	<u>(38,066)</u>
Net book value	<u>2,895</u>
<b>For the year ended 31 December 2012</b>	
Opening net book value	2,895
Additions	1,444
Transferred in	2,104
Amortisation charge	<u>(2,817)</u>
Closing net book value	<u>3,626</u>
<b>At 31 December 2012</b>	
Cost	44,509
<u>Less</u> Accumulated amortisation	<u>(40,883)</u>
Net book value	<u>3,626</u>
<b>For the year ended 31 December 2013</b>	
Opening net book value	3,626
Additions	1,521
Transferred in	625
Amortisation charge	<u>(2,314)</u>
Closing net book value	<u>3,458</u>
<b>At 31 December 2013</b>	
Cost	46,515
<u>Less</u> Accumulated amortisation	<u>(43,057)</u>
Net book value	<u>3,458</u>

16 Deferred income taxes - net

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated	
	2013 Baht'000	2012 Baht'000
<b>Deferred tax assets:</b>		
Deferred tax assets to be recovered within 12 months	63,219	67,310
Deferred tax assets to be recovered after 12 months	39,375	76,840
	<u>102,594</u>	<u>144,150</u>
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after 12 months	(4,683)	(43)
	<u>(4,683)</u>	<u>(43)</u>
Deferred income taxes - net	<u>97,911</u>	<u>144,107</u>

The movement on the deferred income tax account is as follows:

	Consolidated	
	2013 Baht'000	2012 Baht'000
Opening net book amount	144,107	168,166
Charge to statements of income (Note 23)	(42,739)	(20,007)
Charge to equity	(3,457)	(4,052)
Closing net book amount	<u>97,911</u>	<u>144,107</u>

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Company	
	2013 Baht'000	2012 Baht'000
<b>Deferred tax assets:</b>		
Deferred tax assets to be recovered within 12 months	63,219	67,310
Deferred tax assets to be recovered after 12 months	22,973	76,840
	<u>86,192</u>	<u>144,150</u>
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities to be settled within 12 months	-	-
Deferred tax liabilities to be settled after 12 months	(4,683)	(43)
	<u>(4,683)</u>	<u>(43)</u>
Deferred income taxes - net	<u>81,509</u>	<u>144,107</u>

The movement on the deferred income tax account is as follows:

	Company	
	2013 Baht'000	2012 Baht'000
Opening net book amount	144,107	168,166
Charge to statements of income (Note 23)	(59,141)	(20,007)
Charge to equity	(3,457)	(4,052)
Closing net book amount	<u>81,509</u>	<u>144,107</u>

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**16 Deferred income taxes - net (continued)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	<b>Consolidated</b>				
	<b>As at 31 December 2011 Baht'000</b>	<b>Credited/ (charged) to statement of income 2012 Baht'000</b>	<b>As at 31 December 2012 Baht'000</b>	<b>Credited/ (charged) to statement of income 2013 Baht'000</b>	<b>As at 31 December 2013 Baht'000</b>
<b>Deferred tax assets</b>					
Allowance for doubtful interest receivable on loan	15,429	(1,266)	14,163	(1,376)	12,787
Allowance for impairment of investment in other company	-	-	-	16,402	16,402
Allowance for doubtful accounts	198	46	244	(36)	208
Allowance for obsolete inventories	301	-	301	24	325
Provision for staff cost	220	230	450	(167)	283
Employee benefit obligations	810	806	1,616	1,848	3,464
Provisions and other accruals	-	-	-	227	227
Tax loss carried forward	141,661	(19,824)	121,837	(59,661)	62,176
<b>Total</b>	<b>158,619</b>	<b>(20,008)</b>	<b>138,611</b>	<b>(42,739)</b>	<b>95,872</b>
	<b>As at 31 December 2011 Baht'000</b>	<b>Credited (debit) to equity 2012 Baht'000</b>	<b>As at 31 December 2012 Baht'000</b>	<b>Credited (debit) to equity 2013 Baht'000</b>	<b>As at 31 December 2013 Baht'000</b>
<b>Deferred tax assets</b>					
Fair value reserves on available-for-sale investments - loss (gain)	4,008	(4,008)	-	-	-
Employee benefit obligations	5,539	-	5,539	-	5,539
Actuarial loss on defined benefit plan	-	-	-	1,183	1,183
<b>Total</b>	<b>9,547</b>	<b>(4,008)</b>	<b>5,539</b>	<b>1,183</b>	<b>6,722</b>
<b>Total deferred tax assets</b>	<b>168,166</b>	<b>(24,016)</b>	<b>144,150</b>	<b>(41,556)</b>	<b>102,594</b>

Shangri-La Hotel Public Company Limited  
Notes to the Consolidated and Company Financial Statements  
For the year ended 31 December 2013

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16 Deferred income taxes - net (continued)

	Consolidated				
	As at 31 December 2011 Baht'000	Credited (debit) to equity 2012 Baht'000	As at 31 December 2012 Baht'000	Credited (debit) to equity 2013 Baht'000	As at 31 December 2013 Baht'000
<b>Deferred tax liability</b>					
Fair value reserves on available-for- sale investments - gain	-	(43)	(43)	(4,640)	(4,683)
<b>Total deferred tax liabilities</b>	-	(43)	(43)	(4,640)	(4,683)



**Shangri-La Hotel Public Company Limited**  
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**16 Deferred income taxes - net (continued)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	<b>Company</b>				
	<b>As at 31 December 2011 Baht'000</b>	<b>Credited/ (charged) to statement of income 2012 Baht'000</b>	<b>As at 31 December 2012 Baht'000</b>	<b>Credited/ (charged) to statement of income 2013 Baht'000</b>	<b>As at 31 December 2013 Baht'000</b>
<b>Deferred tax assets</b>					
Allowance for doubtful interest receivable on loan	15,429	(1,266)	14,163	(1,376)	12,787
Allowance for doubtful accounts	198	46	244	(36)	208
Allowance for obsolete inventories	301	-	301	24	325
Provision for staff cost	220	230	450	(167)	283
Employee benefit obligations	810	806	1,616	1,848	3,464
Provisions and other accruals	-	-	-	227	227
Tax loss carried forward	141,661	(19,824)	121,837	(59,661)	62,176
<b>Total</b>	<b>158,619</b>	<b>(20,008)</b>	<b>138,611</b>	<b>(59,141)</b>	<b>79,470</b>
	<b>As at 31 December 2011 Baht'000</b>	<b>Credited (debit) to equity 2012 Baht'000</b>	<b>As at 31 December 2012 Baht'000</b>	<b>Credited (debit) to equity 2013 Baht'000</b>	<b>As at 31 December 2013 Baht'000</b>
<b>Deferred tax assets</b>					
Fair value reserves on available-for-sale investments - loss (gain)	4,008	(4,008)	-	-	-
Employee benefit obligations	5,539	-	5,539	-	5,539
Actuarial loss on defined benefit plan	-	-	-	1,183	1,183
<b>Total</b>	<b>9,547</b>	<b>(4,008)</b>	<b>5,539</b>	<b>1,183</b>	<b>6,722</b>
<b>Total deferred tax assets</b>	<b>168,166</b>	<b>(24,016)</b>	<b>144,150</b>	<b>(57,958)</b>	<b>86,192</b>

Shangri-La Hotel Public Company Limited  
Notes to the Consolidated and Company Financial Statements  
For the year ended 31 December 2013

16 Deferred income taxes - net (continued)

	Company				
	As at 31 December 2011 Baht'000	Credited (debit) to equity 2012 Baht'000	As at 31 December 2012 Baht'000	Credited (debit) to equity 2013 Baht'000	As at 31 December 2013 Baht'000
<b>Deferred tax liability</b>					
Fair value reserves on available-for- sale investments - gain	-	(43)	(43)	(4,640)	(4,683)
<b>Total deferred tax liabilities</b>	-	(43)	(43)	(4,640)	(4,683)

Deferred income tax assets are calculated in full on temporary difference under the liability method using a principal tax rate of 20% (2012: 20%).

Deferred tax assets are recognised for tax loss carried forward only the extent that realisation of the related tax benefit through the future taxable profits is probable.

**Shangri-La Hotel Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
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**17 Loan from a financial institution**

The movements of long-term loan during the years ended 31 December are as follows:

	<b>Consolidated and Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Beginning balance	-	200,000
Repayment	-	(70,000)
Current portion of long-term loan	-	(130,000)
Long-term loan from a financial institution	-	-

The maturity of long-term loan is as follows:

	<b>Consolidated and Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Within 1 year	-	130,000
Between 2 years to 5 years	-	-
Total	-	130,000

The loan carried interests are as follows:

<b>Period</b>	<b>Interest rate (% per annum)</b>
First 2 years after the first draw down (in December 2009)	MLR - 1.950
After the first 2 years	MLR - 1.675

The carrying amount of long-term loan as at 31 December 2012 approximated fair values as the loan was carried at floating interest rate.

The Company repaid long-term loan from a financial institution of Baht 70 million on 31 March 2013 and Baht 60 million on 18 April 2013.

As at 31 December 2013, the Company had no loan facility. The loan facility was cancelled on 27 December 2013, and the mortgage of land and constructions thereon of Shangri-La Hotel in Chiangmai province was released.

**18 Trade and other payables**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Trade payables	120,470	119,156	120,470	119,156
Social security and other taxes	3,275	15,334	3,275	15,334
Other payables	18,070	22,897	16,959	22,750
	141,815	157,387	140,704	157,240

19 Employee benefit obligations

The Group operates two employee benefit schemes, being post-retirement benefits, and long-term benefits.

	Consolidated and Company					
	Post-retirement benefits		Long-term benefits		Total	
	2013	2012	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Statement of financial position	44,519	35,777	6,413	-	50,932	35,777
Statement of income	5,459	4,328	6,413	-	11,872	4,328
Statement of comprehensive income	5,913	-	-	-	5,913	-

The Group initially recognised the provision for long-term benefits in 2013. The management considers that the past service cost of long-term benefits is not significant to the financial statements. Therefore, the past-service cost was recognised to the statement of income in the current reporting period.

*Post-retirement benefits*

The movement in the defined benefit obligation over the year is as follows:

	Consolidated and Company	
	2013	2012
	Baht'000	Baht'000
At 1 January	35,777	31,745
Current service cost	4,015	3,058
Interest cost	1,444	1,270
Actuarial loss	5,913	-
Benefits paid	(2,630)	(296)
At 31 December	44,519	35,777

The amounts recognised in the statement of income are as follows:

	Consolidated and Company	
	2013	2012
	Baht'000	Baht'000
Current service cost	4,015	3,058
Interest cost	1,444	1,270
Total, included in staff costs	5,459	4,328

The principal actuarial assumptions used were as follows:

	Consolidated and Company	
	2013	2012
Discount rate	3.50%	4.00%
Future salary increases	4.00% - 5.00%	4.00% - 5.00%

19 Employee benefit obligations (continued)

*Long-term benefits*

The movement in the long-term benefit obligation over the year is as follows:

	Consolidated and Company	
	2013 Baht'000	2012 Baht'000
At 1 January	-	-
Current service cost	6,036	-
Interest cost	377	-
Benefits paid	-	-
At 31 December	6,413	-

The amounts recognised in the statement of income are as follows:

	Consolidated and Company	
	2013 Baht'000	2012 Baht'000
Current service cost	6,036	-
Interest cost	377	-
Total, included in staff costs	6,413	-

The principal actuarial assumptions used were as follows:

	Consolidated and Company	
	2013	2012
Discount rate	3.50%	4.00%

20 Share capital and premium on share capital

	Registered shares (Share)	Issued and paid-up ordinary shares Baht'000	Premium on ordinary shares Baht'000	Total Baht'000
At 1 January 2012	130,000,000	1,300,000	1,590,400	2,890,400
Issues of shares	-	-	-	-
At 31 December 2012	130,000,000	1,300,000	1,590,400	2,890,400
Issues of shares	-	-	-	-
At 31 December 2013	130,000,000	1,300,000	1,590,400	2,890,400

**Shangri-La Hotel Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the year ended 31 December 2013**

**21 Other income**

Other income in the consolidated financial statements for 2013 included gain on sale of investment in a related company of Baht 1,470.61 million (Note 12).

**22 Expenses by nature**

The following significant expenses, classified by nature were charged to arrive at operating profit:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Salary and wages and other employee benefits	474,747	438,936	474,747	438,936
Depreciation and amortisation	516,425	617,875	516,425	617,875
Direct cost of food and beverage	257,086	251,303	257,086	251,303
Reversal of allowance for impairment of investments in and loans to related parties	(297,582)	-	(6,400)	-
Utilities expenses	159,075	154,869	159,075	154,869
Royalty fees	71,362	66,534	71,362	66,534
Advertising and promotion expenses	94,569	67,735	94,569	67,735
Maintenance expenses	66,047	54,074	66,047	54,074
Share of losses from associate	13,506	-	-	-
Others	332,492	338,846	321,003	323,824
	<b>1,687,727</b>	<b>1,990,172</b>	<b>1,953,914</b>	<b>1,975,150</b>

**23 Income tax expense**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current income tax	2,472	1,365	-	-
Deferred tax assets (Note 16)	42,739	20,007	59,141	20,007
	<b>45,211</b>	<b>21,372</b>	<b>59,141</b>	<b>20,007</b>

**Shangri-La Hotel Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
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**23 Income tax expense (continued)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country as follows:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Profit before income tax	2,104,459	121,230	306,863	113,562
Tax calculated at tax rates of 0%, 17%, and 20% (2012: 0%, 17% and 23%)	320,702	28,614	61,373	26,119
Tax effects of:				
Income and reversal of expenses not subject to tax	(259,347)	(1,800)	(1,716)	(401)
Expenses not deductible for tax purpose	1,315	1,148	541	757
Tax loss carried forward	(60,198)	(26,597)	(60,198)	(26,475)
	2,472	(1,365)	-	-
Tax charge from domestic operations	1,434	1,310	-	-
Tax charge from overseas operations	1,038	55	-	-
Total	2,472	1,365	-	-
Tax charges	2,472	1,365	-	-
The effect from change in deferred tax assets	42,739	20,007	59,141	20,007
	45,211	21,372	59,141	20,007
The average effective tax rate (%)	2.15	17.63	19.27	17.62

The average effective tax rate is calculated including taxes due from overseas operations.

**24 Basic earnings per share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares issued during the year.

	Consolidated		Company	
	2013	2012	2013	2012
Net profit attributable to shareholders (Baht)	2,050,819,228	99,858,536	247,722,284	93,555,538
Weighted average number of ordinary shares in issue (Shares)	130,000,000	130,000,000	130,000,000	130,000,000
Basic earnings per share (Baht)	15.78	0.77	1.91	0.72

There are no potential dilutive ordinary shares in issue in 2013 and 2012.

**25 Legal reserve**

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as legal reserve at least 5% of its annual net profit after accumulated deficits brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

26 Dividends

**For the year ended 31 December 2013**

At the Annual General Meeting of the shareholders held on 24 April 2013, the shareholders approved the annual dividend payment from the retained earnings as at 31 December 2012 amount of Baht 0.75 per share totalling of Baht 97.5 million. The annual dividend payment was made on 22 May 2013.

At the Board of Director meeting held on 6 August 2013, the Board of Director approved the special dividend payment from retained earnings amount of Baht 1.50 per share totalling of Baht 195.0 million. The dividend payment was made on 5 September 2013.

**For the year ended 31 December 2012**

At the Annual General Meeting of shareholders held on 25 April 2012, the shareholders approved the annual dividend payment from the retained earnings at Baht 0.75 per share totalling of Baht 97.5 million. The annual dividend payment was made on 25 May 2012.

27 Related party transactions

The Company's ultimate parent is Shangri-La Asia Limited, incorporated in Bermuda, who indirectly holds 73.61% through its subsidiaries.

The significant investments in subsidiaries, associates and related parties are set out in notes 9, 10 and 12, respectively.

The following material transactions were carried out with related parties:

a) Transactions:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>For the year ended 31 December:</b>				
<u>Related parties</u>				
Interest income	17,700	1,136	3,624	-
Interest expenses	7,686	11,312	7,686	11,312
Dividend income	7,488	8,416	-	-
Revenue from hotel operations	15,423	11,473	15,423	11,473
Royalty fee	71,362	66,534	71,362	66,534
Marketing and promotion fees	22,500	20,755	22,500	20,755
Advertising and reservation fees	15,614	15,158	15,614	15,158

b) Outstanding balances:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Amount due from a related party</b>				
<u>Associate</u>				
Traders Yangon Co., Ltd.	1,423	643	1,423	643
Total	1,423	643	1,423	643
<b>Amounts due to related parties</b>				
<u>Related companies</u>				
Shangri-La International Hotel Management BV	11,840	13,504	11,840	13,504
Shangri-La International Hotel Management Limited (Hong Kong)	18,588	69,742	18,588	69,742
Total	30,428	83,246	30,428	83,246



**Shangri-La Hotel Public Company Limited**  
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**27 Related party transactions (continued)**

The following material transactions were carried out with related parties: (continued)

**b) Outstanding balances: (continued)**

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
<b>Short-term loans to and accrued interest from related parties</b>				
<u>Subsidiaries</u>				
Apizaco Limited	-	-	165,266	152,429
TRR-Kerry Development Co., Ltd.	-	-	63,935	70,814
	-	-	229,201	223,243
<u>Less</u> Allowance for doubtful interest receivable	-	-	(63,935)	(70,814)
	-	-	165,266	152,429
<u>Related company</u>				
Cuscaden Properties Pte., Ltd.	-	175,038	-	-
<b>Total</b>	<b>-</b>	<b>175,038</b>	<b>165,266</b>	<b>152,429</b>
<b>Long-term loans to and accrued interest from related parties</b>				
<u>Associates</u>				
Non-interest bearing				
Traders Yangon Co., Ltd.	343,287	320,527	-	-
Shangri-La Yangon Co., Ltd.	239,465	223,589	-	-
Traders Square Co., Ltd.	44,453	41,506	-	-
	627,205	585,622	-	-
Interest bearing				
Traders Yangon Co., Ltd.	526,903	486,950	-	-
Shangri-La Yangon Co., Ltd.	536,851	195,329	-	-
Traders Square Co., Ltd.	247,766	26,259	-	-
	1,311,520	708,538	-	-
	1,938,725	1,294,160	-	-
<u>Less</u> Allowance for doubtful loans	(615,652)	(839,873)	-	-
<b>Total</b>	<b>1,323,073</b>	<b>454,287</b>	<b>-</b>	<b>-</b>

Please refer to Note 10 for the allowance for impairment of investments in and loans to three associates in Myanmar.

**Shangri-La Hotel Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the year ended 31 December 2013**

**27 Related party transactions (continued)**

The following material transactions were carried out with related parties: (continued)

**b) Outstanding balances: (continued)**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Short- term loan from related parties</b>				
<u>Subsidiary</u>				
Hasfield Holdings Pte., Ltd.	-	-	494,241	-
<u>Related company</u>				
Shangri-La Treasury Limited	-	461,663	-	461,663
	<u>-</u>	<u>461,663</u>	<u>494,241</u>	<u>461,663</u>

During the current period, movements of loans to and accrued interest from related parties and short-term loan from a related party were as follows:

	<b>Consolidated</b>				<b>Balance as at 31 December 2013 Baht'000</b>	
	<b>Balance as at 1 January 2013 Baht'000</b>	<b>Increase Baht'000</b>	<b>Decrease Baht'000</b>	<b>Translation adjustments Baht'000</b>		
	<b>Long-term loans to and accrued interest from related parties:</b>					
	Non-interest bearing (gross)					
Traders Yangon Co., Ltd.	320,527	-	-	22,760	343,287	
Shangri-La Yangon Co., Ltd.	223,589	-	-	15,876	239,465	
Traders Square Co., Ltd.	41,506	-	-	2,947	44,453	
Interest bearing (gross)						
Traders Yangon Co., Ltd.	486,950	5,376	-	34,577	526,903	
Shangri-La Yangon Co., Ltd.	195,329	306,641	-	34,881	536,851	
Traders Square Co., Ltd.	26,259	208,878	-	12,629	247,766	
<b>Short-term loan to related party</b>						
<u>Related party</u>						
Cuscaden Properties Pte. Ltd <sup>1</sup>	175,038	-	(171,673)	(3,365)	-	
<b>Short-term loan from related party</b>						
<u>Related party</u>						
Shangri-La Treasury Limited <sup>2</sup>	461,663	-	(467,558)	5,895	-	

<sup>1</sup> In March 2013, the Group disposed of an investment in Cuscaden Properties Pte., Ltd. to a related party (as disclosed in note 12). Under the disposal arrangement, the outstanding loan to Cuscaden Properties Pte., Ltd. of SGD 6.99 million (or equivalent to Baht 171.67 million) was transferred to the related party.

<sup>2</sup> In September 2013, the Company made a new loan from Hasfield Holdings Pte., Ltd., a wholly own subsidiary, of SGD 18.84 million (or equivalent to THB 467.56 million). The loan bears no interest and the repayment is on demand. This loan was wholly used for repayment of short-term loan from Shangri-La Treasury Limited.

**Shangri-La Hotel Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
**For the year ended 31 December 2013**

**27 Related party transactions (continued)**

The following material transactions were carried out with related parties: (continued)

**b) Outstanding balances: (continued)**

During the current period, movements of loans to and accrued interest from related parties and short-term loan from a related party were as follows:

	<b>Company</b>				<b>Balance as at 31 December 2013 Baht'000</b>
	<b>Balance as at 1 January 2013 Baht'000</b>	<b>Increase Baht'000</b>	<b>Decrease Baht'000</b>	<b>Translation adjustments Baht'000</b>	
<b>Short-term loans to and accrued interest from related parties:</b>					
<u>Subsidiaries</u>					
Apizaco Limited	152,429	1,877	-	10,960	165,266
TRR-Kerry Development Co., Ltd.	70,814	-	(6,879)	-	63,935
<b>Short-term loan from related parties</b>					
<u>Subsidiary</u>					
Hasfield Holdings Pte., Ltd.	-	467,558	-	26,683	494,241
<u>Related party</u>					
Shangri-La Treasury Limited	461,663	-	(467,558)	5,895	-

**c) Key management compensation**

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit. The compensation paid or payable to key management for employee services is shown below:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2013 Baht'000</b>	<b>2012 Baht'000</b>	<b>2013 Baht'000</b>	<b>2012 Baht'000</b>
Salaries and other short-term employee benefits	47,868	44,112	47,868	44,112
Post-employment benefits	2,937	3,263	2,937	3,263
	<b>50,805</b>	<b>47,375</b>	<b>50,805</b>	<b>47,375</b>

**28 Finance cost - net**

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
<b>For the years ended 31 December</b>				
Interest expense	9,551	22,231	9,551	22,231
Realised/unrealised (gain)/loss on exchange rate on loan from related parties	31,012	(11,869)	32,578	(11,869)
	<u>40,563</u>	<u>10,362</u>	<u>42,129</u>	<u>10,362</u>

**29 Commitments and contingent liabilities**

**29.1 Capital commitments**

As at 31 December 2013, the Group had capital commitments in respect of construction and renovation of the building of Shangri-La Hotel, Bangkok amounting to approximately Baht 31.65 million (31 December 2012: Baht 45.08 million).

**29.2 Guarantees**

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 11.82 million (31 December 2012: Baht 10.96 million) issued by banks on behalf of the Group in respect of letters of guarantee for electricity usage.

**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	2013	2012
Net profit (loss)	2,059,248	99,859
EPS (baht)	15.78	0.77

The Company Financial Statement

	Yearly	
Status	Audited	
Ending	31 December	
Year	2013	2012
Net profit (loss)	247,722	93,556
EPS (baht)	1.91	0.72

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

This announcement was prepared and disseminated by listed company or issuer through the electronic system which is provided for the purpose of dissemination of the information and related documents of listed company or issuer to the Stock Exchange of Thailand only. The Stock Exchange of Thailand has no responsibility for the correctness and completeness of any statements, figures, reports or opinions contained in this announcement, and has no liability for any losses and damages in any cases. In case you have any inquiries or clarification regarding this announcement, please directly contact listed company or issuer who made this announcement.

**Headline:** Audited Yearly and Consolidated F/S (F45-3) (Revised)  
**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	2013	2012
Net profit (loss)	2,050,819 (Update)	99,859
EPS (baht)	15.78	0.77

The Company Financial Statement

	Yearly	
Status	Audited	
Ending	31 December	
Year	2013	2012
Net profit (loss)	247,722	93,556
EPS (baht)	1.91	0.72

Type of report	Unqualified opinion
----------------	---------------------

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 24, 2014

Re : Management Discussion and Analysis for the year ended December 31, 2013

The Board of Directors is pleased to announce the Company's results for the year ended December 31, 2013 as follows:-

**Net profit after corporate income tax for the year ended December 31, 2013 and 2012:**

(Baht in million)	<u>2013</u>	<u>2012</u>	<u>Change</u>
The Company	247.72	93.56	164.77%
Consolidated	2,050.82	99.86	1,953.70%

**The Company:**

The Company's profit before corporate income tax for the year ended December 31, 2013 increased by Baht 193.30 million against the year of 2012. The increase in the Company's profit was mainly attributed to the increase in net profit of Shangri-La Hotel, Bangkok ("SLBK") by Baht 67.92 million and decrease in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by 125.38 million. Revenues from hotel operation of SLBK increased by Baht 114.67 million from Baht 1,735.59 million to Baht 1,850.26 million during last year due to the higher rooms & other revenues by Baht 118.13 million derived from higher occupancy. The increase was partially offset by decrease in food and beverage revenues by Baht 3.46 million due to lower pickup in banqueting operations. Profit before expenses increased by Baht 103.72 million. Selling and administrative expenses increased by Baht 4.63 million and Baht 15.26 million respectively. Depreciation decreased by Baht 9.47 million against last year. Finance cost increased by Baht 31.77 million. As a result, the profit before corporate income tax increased by Baht 67.92 million from profit of Baht 247.87 million to Baht 315.79 million.

Loss of SLCM was reduced by Baht 125.38 million primarily due to higher revenues from hotel operation by Baht 54.36 million from Baht 329.80 million to Baht 384.16 million as a result of higher occupancy and better average room rates and decrease in depreciation expenses by Baht 91.98 million due to completion of five year depreciable life of furniture & fixture capitalized from initial investment in SLCM. Profit before expenses increased by Baht 48.46 million, from Baht 215.53 million to Baht 263.99 million during the year. Selling and administrative expenses increased by Baht 0.24 million and Baht 14.83 million respectively. As a result, the loss before corporate income tax decreased by Baht 125.38 million from loss of Baht 134.30 million to loss of Baht 8.92 million. Consequently, the total profit before corporate income tax of SLBK and SLCM increased by Baht 193.30 million to Baht 306.86 million. The corporate income tax increased by Baht 39.13 million. As a result, the Company recorded a net profit after tax of Baht 247.72 million for the year ended December 31, 2013 compared to profit of Baht 93.56 million against last year (increased by 164.77%).

**Consolidated:**

The consolidated profit before corporate income tax for the year ended December 31, 2013 increased by Baht 1,983.23 million against last year. The increase in consolidated profit before corporate income tax was due to the increase in the Company's profit before corporate income tax of Baht 193.30 million plus the increase in profit of subsidiaries of Baht 1,789.93 million. The increase in profit of subsidiaries was largely due to the gain from disposal of investment in a related company and reversal of allowance for impairment of investment and loan to a related company. The corporate income tax increased by Baht 23.84 million. As a result, the consolidated net profit after tax for the year ended December 31, 2013 increased by Baht 1,950.96 million against last year (increased by 1,953.70%).

Yours faithfully,

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

To : Managing Director  
The Stock Exchange of Thailand

Date : February 24, 2014

Re : Resolutions on recommendation on annual dividend, fixing of date of AGM No. 1/2014 and entering into of two counter indemnity agreements

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. 1/2014 held on February 24, 2014:

1. That an annual dividend for the operation of the Company from January 1, 2013 to December 31, 2013 at the rate of Baht 1.50 per share for 130,000,000 ordinary shares amounting to Baht 195,000,000 which will be payable to shareholders of the Company (the “Shareholders”) on May 21, 2014 be recommended to the Shareholders for approval at the Annual General Meeting scheduled to be held on April 23, 2014.

In addition, the recommended annual dividend of Baht 1.50 per share (subject to the Shareholders’ approval) and the special dividend payment at the rate of Baht 1.50 per share, which was approved at its Board Meeting No. 3/2013 held on August 6, 2013 for 130,000,000 ordinary shares amounting to a total of Baht 195,000,000 to the Shareholders on September 5, 2013, will make up a total dividend for 2013 of Baht 3.00 per share.

2. That the “record date” on which the Shareholders have the right to receive the annual dividend shall be May 6, 2014. Further, May 7, 2014 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. 1/2014 shall be March 13, 2014. Further, March 14, 2014 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. 1/2014 be held on April 23, 2014 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. 1/2014 be as follows:
  - 5.1) To consider approval of the minutes of the Annual General Meeting of Shareholders No. 1/2013 which was held on April 24, 2013;
  - 5.2) To acknowledge the report of the Board of Directors on the business operation of the Company for the year 2013;
  - 5.3) To approve the Company’s Statements of Financial Position and the Statements of Income for the year ended December 31, 2013;
  - 5.4) To ratify the special dividend payment made on September 5, 2013;
  - 5.5) To consider and approve payment of the annual dividend for the year ended December 31, 2013;
  - 5.6) To approve the appointment of Directors in place of those Directors retiring by rotation;
  - 5.7) To consider the remuneration of the Directors;
  - 5.8) To appoint the Company’s auditors and to fix their remuneration; and
  - 5.9) To consider other business (if any).

6. That the entering into of a counter indemnity agreement with Shangri-La Asia Limited (“SA”) in respect of a loan of USD 50 million from International Finance Corporation (the “Bank”) to Traders Yangon Company Limited in which the Company has an indirect 23.53% interest be approved; and
7. That the entering into of a counter indemnity agreement with SA in respect of a loan of USD 30 million from the Bank to Shangri-La Yangon Company Limited in which the Company has an indirect 22.22% interest be approved.

The transactions in items 6 and 7 constitute connected transactions of the Company pursuant to the “Notification of the Board of Governors of the Stock Exchange of Thailand” regarding “Disclosure of Information and Acts of Listed Companies Concerning the Connected Transactions, 2003 (Complete version) and (No. 2), 2004”. The Board of the Company hereby provides the Information Memorandum in respect of the said connected transactions for your information.

Yours faithfully,

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(Mrs. Pavinee Meensuk)  
Director and Company Secretary

**Shangri-La Hotel Public Company Limited**  
**Registration No. 0107537001773**  
**Information Memorandum Regarding the Connected Party Transaction**

**1. The transaction and parties involved:**

The Board of Directors of Shangri-La Hotel Public Company Limited (the “Company”) resolved at its meeting No. 1/2014 held on February 24, 2014, approving the Company to enter into a counter indemnity agreement (the “Counter Indemnity Agreement”) with Shangri-La Asia Limited (“SA”) in respect of a loan of USD 50 million from International Finance Corporation (the “Bank”) to Traders Yangon Company Limited (“TYCL”).

**2. Purpose of the Counter Indemnity:**

The Company holds a 23.53% interest in TYCL through Zukerman Limited (“Zukerman”), a wholly-owned subsidiary of Apizaco Limited (“Apizaco”) which in turn is a wholly-owned subsidiary of the Company. TYCL develops and operates Traders Hotel, Yangon (the “Project”) located in Myanmar.

For financing the development of the Project, TYCL will enter into a loan agreement (the “Loan Agreement”) with the Bank in respect of a USD 50 million loan (the “Loan”) to be granted by the Bank to TYCL. As a condition for granting the Loan by the Bank and at the request of TYCL and the Company, SA will provide a guarantee (the “Guarantee”) in favour of the Bank guaranteeing the due and punctual payment obligations of TYCL under the Loan Agreement. SA will also, at the request of TYCL and the Company, undertake in favour of the Bank under a project funds agreement (the “Project Funds Agreement”) to provide funding to TYCL to facilitate the completion of the Project. SA’s obligations under the Guarantee and the Project Funds Agreement include those with respect to the Company’s 23.53% proportionate interest in TYCL.

As a condition for SA’s provision of the Guarantee and its payment and other undertakings in the Project Funds Agreement and other financing documents relating to the Loan, the Company will enter into the Counter Indemnity Agreement with SA to indemnify SA for such proportion of interest in TYCL (i.e. 23.53%) directly or indirectly held by the Company from time to time in respect of all and any amounts due or owing by SA under the Guarantee, the Project Funds Agreement and other financing documents relating to the Loan.

**3. Total value of the transaction:**

According to the Company’s 23.53% indirect interest in TYCL, the contingent liability and obligation of the Company under the Counter Indemnity Agreement is USD 11.765 million which is equivalent to approximately Baht 376.480 million and represents approximately 5.555% of the Company’s Net Tangible Asset Value as at December 31, 2013 (the Net Tangible Asset Value of the Company as at December 31, 2013 was Baht 6,776.846 million).

**4. Relationship of the related parties with the Company or its subsidiaries:**

The Company is a 73.61% indirectly owned subsidiary of SA. Perseverance Investments Limited (“PIL”) and Shangri-La Hotels (Malaysia) Berhad (“SLM”) which are subsidiaries of SA, hold a combined shareholding interest of 52.95% in TYCL through their respective wholly-owned subsidiaries and are therefore connected persons of the Company according to the “Notification of the Board of Governors of the Stock Exchange of Thailand” regarding “Disclosure of Information and Acts of Listed Companies Concerning the Connected Transactions, 2003 (Complete version) and (No. 2), 2004”. Furthermore, Mr. Kuok Khoon Ean and Mr. Maris Pakdeetaveevivat who are members of the board of directors of SA are also directors of the Company and PIL. In addition, Mr. Maris Pakdeetaveevivat is also a director of Apizaco and Zukerman. Madam Kuok Oon Kwong, who is a member of the board of directors of SLM, is also a director of TYCL and the Company. Mrs. Pavinee Meensuk, a director of the Company, is also a director of Apizaco and Zukerman.

**5. Opinion of the Board of Directors of the Company:**

The following directors of the Company have not participated in discussion and voted for the approval of the said transactions:

1. Mr. Maris Pakdeetaveevivat (a common director of the Company, PIL, Apizaco, Zukerman and SA);
2. Madam Kuok Oon Kwong (a common director of the Company, TYCL and SLM);
3. Mr. Kuok Khoon Ean (a common director of the Company, PIL and SA); and
4. Mrs. Pavinee Meensuk (a common director of the Company, Apizaco and Zukerman).

Save for the above directors who have abstained from voting on the board resolution in relation to the Counter Indemnity Agreement, the other directors of the Company including its audit committee and independent directors are of the view that the terms and conditions of the Counter Indemnity Agreement are fair and reasonable and the entering into of the Counter Indemnity Agreement with SA is in the interest of the Company and its shareholders as a whole.

**Shangri-La Hotel Public Company Limited**  
**Registration No. 0107537001773**  
**Information Memorandum Regarding the Connected Party Transaction**

**1. The transaction and parties involved:**

The Board of Directors of Shangri-La Hotel Public Company Limited (the “Company”) resolved at its meeting No. 1/2014 held on February 24, 2014, approving the Company to enter into a counter indemnity agreement (the “Counter Indemnity Agreement”) with Shangri-La Asia Limited (“SA”) in respect of a loan of USD 30 million from International Finance Corporation (the “Bank”) to Shangri-La Yangon Company Limited (“SYCL”).

**2. Purpose of the Counter Indemnity:**

The Company holds a 22.22% interest in SYCL through Zukerman Limited (“Zukerman”), a wholly-owned subsidiary of Apizaco Limited (“Apizaco”) which in turn is a wholly-owned subsidiary of the Company. SYCL develops Shangri-La Residences, Yangon and serviced apartments (the “Project”) in Myanmar.

For financing the development of the Project, SYCL will enter into a loan agreement (the “Loan Agreement”) with the Bank in respect of a USD 30 million loan (the “Loan”) to be granted by the Bank to SYCL. As a condition for granting the Loan by the Bank and at the request of SYCL and the Company, SA will provide a guarantee (the “Guarantee”) in favour of the Bank guaranteeing the due and punctual payment obligations of SYCL under the Loan Agreement. SA will also, at the request of SYCL and the Company, undertake in favour of the Bank under a project funds agreement (the “Project Funds Agreement”) to provide funding to SYCL to facilitate the completion of the Project. SA’s obligations under the Guarantee and the Project Funds Agreement include those with respect to the Company’s 22.22% proportionate interest in SYCL.

As a condition for SA’s provision of the Guarantee and its payment and other undertakings in the Project Funds Agreement and other financing documents relating to the Loan, the Company will enter into the Counter Indemnity Agreement with SA to indemnify SA for such proportion of interest in SYCL (i.e. 22.22%) directly or indirectly held by the Company from time to time in respect of all and any amounts due or owing by SA under the Guarantee, the Project Funds Agreement and other financing documents relating to the Loan.

**3. Total value of the transaction:**

According to the Company’s 22.22% indirect interest in SYCL, the contingent liability and obligation of the Company under the Counter Indemnity Agreement is USD 6.666 million which is equivalent to approximately Baht 213.312 million and represents approximately 3.148% of the Company’s Net Tangible Asset Value as at December 31, 2013 (the Net Tangible Asset Value of the Company as at December 31, 2013 was Baht 6,776.846 million).

**4. Relationship of the related parties with the Company or its subsidiaries:**

The Company is a 73.61% indirectly owned subsidiary of SA. Perseverance Investments Limited (“PIL”) and Shangri-La Hotels (Malaysia) Berhad (“SLM”) which are subsidiaries of SA, hold a combined shareholding interest of 50% in SYCL through their respective wholly-owned subsidiaries and are therefore connected persons of the Company according to the “Notification of the Board of Governors of the Stock Exchange of Thailand” regarding “Disclosure of Information and Acts of Listed Companies Concerning the Connected Transactions, 2003 (Complete version) and (No. 2), 2004”. Furthermore, Mr. Kuok Khoon Ean and Mr. Maris Pakdeetaveevivat who are members of the board of directors of SA, are also directors of the Company and PIL. In addition, Mr. Maris Pakdeetaveevivat is also a director of Apizaco and Zukerman. Madam Kuok Oon Kwong, who is a member of the board of directors of SLM, is also a director of SYCL and the Company. Mrs. Pavinee Meensuk, a director of the Company, is also a director of Apizaco and Zukerman.

**5. Opinion of the Board of Directors of the Company:**

The following directors of the Company have not participated in discussion and voted for the approval of the said transactions:

1. Mr. Maris Pakdeetaveevivat (a common director of the Company, PIL, Apizaco, Zukerman and SA);
2. Madam Kuok Oon Kwong (a common director of the Company, SYCL and SLM);
3. Mr. Kuok Khoon Ean (a common director of the Company, PIL and SA); and
4. Mrs. Pavinee Meensuk (a common director of the Company, Apizaco and Zukerman).

Save for the above directors who have abstained from voting on the board resolution in relation to the Counter Indemnity Agreement, the other directors of the Company including its audit committee and independent directors are of the view that the terms and conditions of the Counter Indemnity Agreement are fair and reasonable and the entering into of the Counter Indemnity Agreement with SA is in the interest of the Company and its shareholders as a whole.