

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2015



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Independent Auditor's Report

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Rosaporn Decharkom
Certified Public Accountant (Thailand) No. 5659

EY Office Limited
Bangkok: 23 February 2016

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	6	859,881,278	444,633,200	25,640,769	17,675,124
Current investment - short-term fixed deposit		10,719,374	10,587,991	-	-
Short-term restricted deposit at financial institution	7	75,930,055	-	-	-
Trade and other receivables	8	635,439,326	549,723,270	169,471,964	203,899,461
Inventories	10	129,484,970	107,779,102	-	-
Property development cost	11	3,787,142,311	3,888,709,119	185,502,070	193,267,064
Other current assets	12	200,791,227	178,918,303	25,906,002	23,537,678
Total current assets		5,699,388,541	5,180,350,985	406,520,805	438,379,327
Non-current assets					
Long-term restricted deposit at financial institution	7	41,189	41,189	-	-
Long-term fixed deposit		2,178,200	2,000,000	2,178,200	2,000,000
Long-term trade accounts receivable	13	457,995,364	165,044,275	-	-
Investments in subsidiaries	14	-	-	4,269,025,777	3,479,025,077
Investments in associates	15	383,086,601	409,464,982	-	-
Other long-term investments	16	1,132,188,540	1,008,789,883	525,823,948	402,425,290
Long-term loans to subsidiaries	9	-	-	1,142,800,630	2,257,020,629
Investment properties	17	1,120,761,173	1,112,275,932	198,210,268	181,225,030
Property, plant and equipment	18	10,687,451,126	10,244,887,848	48,930,762	49,796,176
Deferred tax assets	31	113,538,768	95,533,870	-	-
Goodwill	14	407,903,881	407,903,881	-	-
Leasehold rights	19	17,279,331	19,448,550	-	-
Other non-current assets		69,459,076	68,356,883	1,352,152	1,334,653
Total non-current assets		14,391,883,249	13,533,747,293	6,188,321,737	6,372,826,855
Total assets		20,091,271,790	18,714,098,278	6,594,842,542	6,811,206,182

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft and short-term loans					
from financial institutions	20	554,803,557	710,000,000	260,000,000	360,000,000
Trade and other payables	21	959,252,849	687,573,357	34,892,882	24,925,616
Current portion of long-term loans from financial institutions	23	469,750,000	657,750,000	35,000,000	70,000,000
Income tax payable		62,547,936	23,787,114	-	-
Advance received from customers		546,545,142	1,017,212,164	404,695	715,596
Other current liabilities	22	140,483,145	122,059,676	4,492,303	9,959,271
Total current liabilities		2,733,382,629	3,218,382,311	334,789,880	465,600,483
Non-current liabilities					
Long-term loans from subsidiaries	9	-	-	648,280,000	765,850,000
Long-term loans from financial institutions					
- net of current portion	23	2,819,388,750	1,819,575,819	-	35,000,000
Unsecured debenture	24	493,846,200	-	-	-
Provision for long-term employee benefits	25	63,605,646	52,622,004	15,352,976	10,021,710
Long-term provision - provision for legal case	41	40,132,680	39,337,103	-	-
Deferred tax liabilities	31	2,166,335,216	2,091,589,988	208,255,229	196,846,463
Other non-current liabilities		99,409,011	84,959,992	5,695,424	5,881,045
Total non-current liabilities		5,682,717,503	4,088,084,906	877,583,629	1,013,599,218
Total liabilities		8,416,100,132	7,306,467,217	1,212,373,509	1,479,199,701
Shareholders' equity					
Share capital					
Registered					
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up					
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	26	568,130,588	568,130,588	-	-
Retained earnings					
Appropriated - statutory reserve	28	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		2,642,748,247	2,482,805,944	908,789,814	957,046,188
Other components of shareholders' equity		4,239,617,362	4,134,100,817	532,716,269	433,997,343
Equity attributable to owner of the Company		11,391,459,147	11,126,000,299	5,382,469,033	5,332,006,481
Equity attributable to non-controlling interests of the subsidiaries		283,712,511	281,630,762	-	-
Total shareholders' equity		11,675,171,658	11,407,631,061	5,382,469,033	5,332,006,481
Total liabilities and shareholders' equity		20,091,271,790	18,714,098,278	6,594,842,542	6,811,206,182

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

Directors

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Revenue					
Revenue from hotel operations		3,108,617,130	3,085,124,627	33,655,545	45,133,741
Revenue from property development operations		2,348,479,352	803,905,339	13,147,291	88,222,033
Revenue from office rental operations		86,427,410	90,368,736	31,673,108	39,607,701
Other income	29	114,705,625	70,860,919	132,428,362	245,119,692
Total revenue		5,658,229,517	4,050,259,621	210,904,306	418,083,167
Expenses					
Cost of hotel operations		1,790,560,358	1,782,286,125	26,411,793	33,834,066
Cost of property development operations		1,504,468,651	424,589,152	7,782,287	52,694,785
Cost of office rental operations		44,257,387	45,333,910	7,107,548	7,195,467
Selling expenses		348,248,688	384,458,845	1,499,823	6,943,772
Administrative expenses		1,443,662,475	1,274,812,178	169,794,424	156,077,666
Reversal of loss on impairment of investment	16	-	(89,338,720)	-	-
Total expenses		5,131,197,559	3,822,141,490	212,595,875	256,745,756
Profit (loss) before share of loss from investment					
in associate, finance cost and income tax expenses		527,031,958	228,118,131	(1,691,569)	161,337,411
Share of loss from investment in associate	15	(45,041,156)	(36,189,121)	-	-
Profit (loss) before finance cost and income tax expenses		481,990,802	191,929,010	(1,691,569)	161,337,411
Finance cost		(166,147,594)	(162,075,264)	(32,566,209)	(61,765,911)
Profit (loss) before income tax expenses		315,843,208	29,853,746	(34,257,778)	99,571,500
Income tax expenses	31	(139,409,887)	(8,630,849)	11,984,074	(12,057,596)
Profit (loss) for the year		176,433,321	21,222,897	(22,273,704)	87,513,904
Profit (loss) attributable to:					
Equity holders of the Company		175,262,057	18,140,298	(22,273,704)	87,513,904
Non-controlling interests of the subsidiaries		1,171,264	3,082,599		
		176,433,321	21,222,897		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	32	1.05	0.11	(0.13)	0.53

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit (loss) for the year		<u>176,433,321</u>	<u>21,222,897</u>	<u>(22,273,704)</u>	<u>87,513,904</u>
Other comprehensive income (loss):					
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		21,208,238	(13,160,094)	-	-
Unrealised gain on available-for-sales security, net of income tax	16	<u>98,718,926</u>	<u>54,239,019</u>	<u>98,718,926</u>	<u>125,709,995</u>
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods, net of income tax		<u>119,927,164</u>	<u>41,078,925</u>	<u>98,718,926</u>	<u>125,709,995</u>
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss of post-employment benefits, net of income tax	25	<u>(7,984,789)</u>	<u>-</u>	<u>(5,147,571)</u>	<u>-</u>
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of income tax		<u>(7,984,789)</u>	<u>-</u>	<u>(5,147,571)</u>	<u>-</u>
Other comprehensive income (loss) for the year		<u>111,942,375</u>	<u>41,078,925</u>	<u>93,571,355</u>	<u>125,709,995</u>
Total comprehensive income (loss) for the year		<u>288,375,696</u>	<u>62,301,822</u>	<u>71,297,651</u>	<u>213,223,899</u>
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		<u>286,293,947</u>	<u>60,447,873</u>	<u>71,297,651</u>	<u>213,223,899</u>
Non-controlling interests of the subsidiaries		<u>2,081,749</u>	<u>1,853,949</u>		
		<u>288,375,696</u>	<u>62,301,822</u>		

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to the owners of the Company										
	Other components of shareholders' equity										
	Issued and fully paid-up share capital	Share premium	Capital reserve	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Unrealised gain on available for sales security	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries
Appropriated - statutory reserve				Unappropriated							
Balance as at 1 January 2014	1,666,827,010	2,062,460,582	568,130,588	2,521,328,953	156,575,450	3,935,217,792	-	4,091,793,242	11,122,215,753	279,776,813	11,401,992,546
Profit for the year	-	-	-	18,140,298	-	-	-	-	18,140,298	3,082,599	21,222,897
Other comprehensive income (loss) for the year	-	-	-	-	(11,931,444)	-	54,239,019	42,307,575	42,307,575	(1,228,650)	41,078,925
Total comprehensive income (loss) for the year	-	-	-	18,140,298	(11,931,444)	-	54,239,019	42,307,575	60,447,873	1,853,949	62,301,822
Dividend paid (Note 34)	-	-	-	(56,663,307)	-	-	-	-	(56,663,307)	-	(56,663,307)
Balance as at 31 December 2014	1,666,827,010	2,062,460,582	568,130,588	2,482,805,944	144,644,006	3,935,217,792	54,239,019	4,134,100,817	11,126,000,299	281,630,762	11,407,631,061
Balance as at 1 January 2015	1,666,827,010	2,062,460,582	568,130,588	2,482,805,944	144,644,006	3,935,217,792	54,239,019	4,134,100,817	11,126,000,299	281,630,762	11,407,631,061
Profit for the year	-	-	-	175,262,057	-	-	-	-	175,262,057	1,171,264	176,433,321
Other comprehensive income (loss) for the year	-	-	-	(7,984,789)	20,297,753	-	98,718,926	119,016,679	111,031,890	910,485	111,942,375
Total comprehensive income (loss) for the year	-	-	-	167,277,268	20,297,753	-	98,718,926	119,016,679	286,293,947	2,081,749	288,375,696
Dividend paid (Note 34)	-	-	-	(20,835,099)	-	-	-	-	(20,835,099)	-	(20,835,099)
Reversal of revaluation surplus on disposal of assets (Note 27)	-	-	-	13,500,134	-	(13,500,134)	-	(13,500,134)	-	-	-
Balance as at 31 December 2015	1,666,827,010	2,062,460,582	568,130,588	2,642,148,247	164,941,759	3,921,717,658	152,957,945	4,239,617,362	11,391,459,147	283,712,511	11,675,171,658

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2015

(Unit: Baht)

	Separate financial statements									
	Retained earnings					Other components of shareholders' equity				
	Issued and fully paid-up share capital	Share premium	Appropriated - Statutory reserve	Unappropriated	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Total other components of shareholders' equity	Total shareholders' equity		
Balance as at 1 January 2014	1,666,827,010	2,062,460,582	211,675,358	926,195,591	136,985,947	171,301,401	308,287,348	5,175,445,889		
Profit for the year	-	-	-	87,513,904	-	-	-	87,513,904		
Other comprehensive income (loss) for the year	-	-	-	-	-	125,709,995	125,709,995	125,709,995		
Total comprehensive income (loss) for the year	-	-	-	87,513,904	-	125,709,995	125,709,995	213,223,899		
Dividend paid (Note 34)	-	-	-	(56,663,307)	-	-	-	(56,663,307)		
Balance as at 31 December 2014	1,666,827,010	2,062,460,582	211,675,358	957,046,188	136,985,947	297,011,396	433,997,343	5,332,006,481		
Balance as at 1 January 2015	1,666,827,010	2,062,460,582	211,675,358	957,046,188	136,985,947	297,011,396	433,997,343	5,332,006,481		
Loss for the year	-	-	-	(22,273,704)	-	-	-	(22,273,704)		
Other comprehensive income (loss) for the year	-	-	-	(5,147,571)	-	98,718,926	98,718,926	93,571,355		
Total comprehensive income (loss) for the year	-	-	-	(27,421,275)	-	98,718,926	98,718,926	71,297,651		
Dividend paid (Note 34)	-	-	-	(20,835,099)	-	-	-	(20,835,099)		
Balance as at 31 December 2015	1,666,827,010	2,062,460,582	211,675,358	908,789,814	136,985,947	395,730,322	532,716,269	5,382,469,033		

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit (loss) before income tax expenses	315,843,208	29,853,746	(34,257,778)	99,571,500
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	313,576,026	292,261,157	4,560,302	4,568,610
Amortisation of leasehold rights	2,594,320	2,658,272	-	-
Allowance for doubtful accounts (reversal)	23,558,243	(832,712)	1,428,649	-
Reduction of inventory to net realisable value (reversal)	210,757	(1,725,309)	-	-
Share of loss from investment in associate	45,041,156	36,189,121	-	-
Loss (gain) on change in fair value of investment properties	3,033,372	(4,121,543)	(7,570,000)	(12,153,016)
Gain on sales of property, plant and equipment	(535,089)	(416,273)	(4,776)	(25,049)
Write off property, plant and equipment	1,112,211	781,018	-	1,030
Dividend income from investment in subsidiaries	-	-	-	(34,053,990)
Dividend income from other long-term investment	(25,550,812)	(25,550,812)	(25,550,812)	(25,550,812)
Provision for long-term employee benefits (reversal)	10,637,944	7,601,379	779,260	(1,378,493)
Forfeited money from property unit	(13,494,141)	-	-	-
Reversal of loss on impairment of investment	-	(89,338,720)	-	-
Provision for loss on compensation claim	1,479,197	39,337,103	-	-
Interest income	(21,151,268)	(20,216,554)	(61,235,312)	(138,506,337)
Interest expenses	166,147,594	162,075,264	32,566,209	61,765,911
Profit (loss) from operating activities before changes in operating assets and liabilities	822,502,718	428,555,137	(89,284,258)	(45,760,646)
Operating assets (increase) decrease				
Trade and other receivables	(111,741,198)	30,057,360	25,732,619	3,128,367
Inventories	(21,916,625)	17,078,633	-	-
Property development cost	(172,576,561)	(503,773,109)	7,764,994	51,787,372
Other current assets	(9,219,618)	49,082,812	3,213,218	9,664,504
Long-term trade accounts receivable	(292,951,089)	(20,601,716)	-	14,063,349
Other non-current assets	(1,102,193)	1,082,744	(17,499)	1,632,794
Operating liabilities increase (decrease)				
Trade and other payables	268,770,494	81,015,432	10,542,641	(26,776,476)
Advance received from customers	(470,667,022)	502,798,927	(310,901)	452,090
Other current liabilities	18,436,649	2,921,249	(5,466,968)	2,471,473
Provision for long-term employee benefits	(9,635,288)	(9,380,107)	(1,882,458)	(268,708)
Other non-current liabilities	13,949,019	(12,668,527)	(185,621)	(2,007,684)
Cash flows from operating activities	33,849,286	566,168,835	(49,894,233)	8,386,435
Cash received for interest income	21,242,023	20,278,312	68,501,540	137,188,655
Cash paid for interest expenses	(175,635,543)	(162,679,517)	(33,141,584)	(61,287,717)
Cash paid for income tax	(79,039,914)	(53,519,831)	(5,581,542)	(6,277,642)
Net cash flows from (used in) operating activities	(199,584,148)	370,247,799	(20,115,819)	78,009,731

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Increase in short-term restricted deposit at financial institution	(75,930,055)	-	-	-
Increase in current investment - short-term fixed deposit	(131,383)	(163,126)	-	-
Increase in long-term fixed deposit	(178,200)	-	(178,200)	-
Cash paid for purchase of investment in subsidiaries	-	-	(790,000,700)	-
Dividend received from investments in subsidiaries	-	-	-	34,053,990
Dividend received from other long-term investment	25,550,812	25,550,812	25,550,812	25,550,812
Cash received from long-term loans to subsidiaries	-	-	3,108,820,000	1,663,400,000
Cash paid for long-term loans to subsidiaries	-	-	(1,994,600,000)	(1,972,420,000)
Decrease in long-term loans to employees	-	183,034	-	23,325
Cash paid for acquisition of investment properties	(11,518,613)	-	(9,415,238)	-
Cash received from sales of property, plant and equipment	931,044	904,433	4,804	4,418,133
Cash paid for acquisition of property, plant and equipment	(455,176,363)	(310,708,625)	(3,694,915)	(7,880,511)
Net cash flows from (used in) investing activities	(516,452,758)	(284,233,472)	336,486,563	(252,854,251)
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	(155,196,443)	540,000,000	(100,000,000)	210,000,000
Proceed from debenture issuance	500,000,000	-	-	-
Payment of transaction costs related to debenture issuance	(6,153,800)	-	-	-
Draw down of long-term loans from subsidiaries	-	-	1,169,880,000	935,200,000
Repayment of long-term loans from subsidiaries	-	-	(1,287,450,000)	(843,200,000)
Draw down of long-term loans from financial institutions	1,454,000,000	-	-	-
Repayment of long-term loans from financial institutions	(642,187,070)	(493,000,000)	(70,000,000)	(70,000,000)
Payment of dividends	(20,835,099)	(56,663,307)	(20,835,099)	(56,663,307)
Net cash flows from (used in) financing activities	1,129,627,588	(9,663,307)	(308,405,099)	175,336,693
Net exchange differences on translation of financial statements in foreign currency	1,657,396	(2,546,118)	-	-
Net increase in cash and cash equivalents	415,248,078	73,804,902	7,965,645	492,173
Cash and cash equivalents at beginning of year	444,633,200	370,828,298	17,675,124	17,182,951
Cash and cash equivalents at end of year	859,881,278	444,633,200	25,640,769	17,675,124
Supplemental cash flows information				
Non-cash items				
Transferred of property, plant and equipment to investment properties	-	7,445,134	-	-
Transferred property development cost to property, plant and equipment	302,010,647	29,878,241	-	-
Reversal of revaluation surplus on disposal of assets	13,500,134	-	-	-
Increase (decrease) in exchange differences on translation of financial statements in foreign currency of associate	18,662,774	(10,914,072)	-	-
Actuarial loss of post-employment benefits	9,980,986	-	6,434,464	-

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2015

1. General information

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

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are three hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket and Outrigger Laguna Phuket Resort and Villas, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating a golf club (Laguna Phuket Golf Club), sales of merchandise (Banyan Tree Gallery), office and shops rental and sale of holiday club memberships. Cassia Phuket, new hotel located in Phuket province, starts in October 2015.

The registered office of the Company is at 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7th, 22nd and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 %	2014 %
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited ⁽¹⁾	Hotel operations and property development	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	95.0	95.0
Laguna (3) Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited ⁽²⁾	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Hotel operations	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pai Samart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Resort Development Limited	Property development and hotel operations	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Development Company Limited	Property development	Thailand	100.0	100.0
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Owens land on which a hotel staff dormitory is situated	Thailand	100.0	100.0
Bangtao (4) Limited	Owens land on which the golf course is situated	Thailand	100.0	100.0

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2015</u>	<u>2014</u>
			%	%
<u>Subsidiaries held through Laguna Grande Limited (Continued)</u>				
Bangtao Development Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations	Thailand	100.0	100.0
Laguna Central Limited	Dormant	Thailand	85.0	85.0
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u>				
Lijiang Banyan Tree Gallery Trading Co., Ltd.	Sale of merchandise	The People's Republic of China	51.0	51.0
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

- (1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through Bangtao Grande Limited (2014: Laguna Banyan Tree Limited is held 49% by the Company and 51% through TWR - Holdings Limited). On 6 February 2015, TWR - Holdings Limited entered into the share sale agreement to sell all ordinary shares in Laguna Banyan Tree Limited (51% shareholding) to Bangtao Grande Limited.
- (2) Laguna Services Company Limited is held by the Company and 2 subsidiaries.

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

- (b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- (e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- (f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- (g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

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

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

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

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses of post-employment benefits immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

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

TFRS 10 Consolidated Financial Statements

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

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

TFRS 12 Disclosure of Interests in Other Entities

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

TFRS 13 Fair Value Measurement

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

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

(a) Revenue from hotel operations

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

(b) Revenue from property development operations

- Revenue from the real estate sales

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

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

- Revenue from sales of furniture

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

- Revenue from sale of holiday club memberships

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

- (c) Revenue from rental and services

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

- (d) Interest income

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

- (e) Dividends

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

4.2 Cost of property development

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

4.3 Cash and cash equivalents

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

4.4 Trade accounts receivable

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

4.5 Property development cost

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

4.6 Inventories

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

4.7 Investments

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

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

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

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

4.8 Investment properties

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

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

4.9 Property, plant and equipment/Depreciation

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

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

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

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

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

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

Depreciation is included in determining earnings.

No depreciation is provided on land and construction in progress.

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

4.10 Leasehold rights and amortisation

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

The amortisation is included in determining income.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

4.12 Goodwill

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

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

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

4.13 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss.

4.14 Related party transactions

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

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

4.15 Long-term leases

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

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

4.16 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.17 Impairment of assets

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

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

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

4.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

4.19 Provisions

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

4.20 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.21 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

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

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 17.

Property, plant and equipment/Depreciation

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

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by independent valuer using the Market Approach for land, the Replacement Cost Approach for buildings. The valuation involves certain assumptions and estimates as described in Note 18.

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

Goodwill

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

Deferred tax assets

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

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

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

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and subsidiaries' management has used judgement to assess of the results of the litigation and recorded contingent liabilities under "Long-term provision - provision for legal case" as at the end of reporting period.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash	7,831	5,360	143	180
Bank deposits	852,050	439,273	25,498	17,495
Total	859,881	444,633	25,641	17,675

As at 31 December 2015, bank deposits in saving accounts and fixed deposits carried interest rates between 0.375% and 0.85% per annum (2014: between 0.375% and 1.25% per annum).

7. Short-term and long-term restricted deposits at financial institution

The short-term restricted deposit is reserved for payments of loan principal and interest as per the bank loan agreement only.

The long-term restricted deposit pledged with a financial institution as security for bank guarantee facilities of a subsidiary.

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	302,851	292,729	6,172	5,127
Less: Allowance for doubtful accounts	(37,578)	(10,822)	(1,429)	-
Trade accounts receivable - hotel operations, net	265,273	281,907	4,743	5,127
Trade accounts receivable - sales of property				
- Installments due	81,076	13,014	3,760	-
Current portion of long-term trade accounts receivable (Note 13)	161,122	84,262	-	4,857
Trade accounts receivable - sales of property, net	242,198	97,276	3,760	4,857
Trade accounts receivable - sales of holiday club memberships - Installments due	10,323	8,917	-	-
Current portion of long-term trade accounts receivable (Note 13)	13,716	22,022	-	-
Total	24,039	30,939	-	-
Less: Allowance for doubtful accounts	-	(2,600)	-	-
Trade accounts receivable - sales of holiday club memberships, net	24,039	28,339	-	-
Trade accounts receivable - net	531,510	407,522	8,503	9,984
<u>Other receivables</u>				
Amounts due from related parties (Note 9)	45,930	58,089	144,124	151,037
Other receivables	33,582	20,312	3,904	639
Insurance claim receivable	8,071	14,616	-	-
Accrued other income	3,603	7,174	233	229
Interest receivable	41	132	6	132
Accrued rental	12,702	41,878	12,702	41,878
Total other receivables	103,929	142,201	160,969	193,915
Trade and other receivables, net	635,439	549,723	169,472	203,899

The balances of trade accounts receivable - hotel operations as at 31 December 2015 and 2014, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Age of receivables</u>				
Not yet due	121,415	122,287	329	2,251
Past due				
Up to 30 days	75,418	87,028	486	794
31 - 60 days	14,646	20,821	440	642
61 - 90 days	5,473	4,212	413	490
91 - 120 days	7,691	5,788	4,504	950
Over 120 days	78,208	52,593	-	-
Total	302,851	292,729	6,172	5,127
Less: Allowance for doubtful debts	(37,578)	(10,822)	(1,429)	-
Trade accounts receivable - hotel operations, net	265,273	281,907	4,743	5,127

The balances of installments due of trade accounts receivable - sales of property as at 31 December 2015 and 2014, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Age of receivables</u>				
Not yet due	65,088	10,336	3,760	-
Past due				
Up to 30 days	6,277	2,678	-	-
31 - 60 days	5,310	-	-	-
61 - 90 days	3,122	-	-	-
91 - 120 days	515	-	-	-
Over 120 days	764	-	-	-
Trade accounts receivable - sales of property - installment due, net	<u>81,076</u>	<u>13,014</u>	<u>3,760</u>	<u>-</u>

The balances of installments due of trade accounts receivable - holiday club memberships as at 31 December 2015 and 2014, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Age of receivables</u>				
Past due				
Up to 30 days	2,915	2,624	-	-
31 - 60 days	780	458	-	-
61 - 90 days	550	465	-	-
91 - 120 days	300	340	-	-
Over 120 days	5,778	5,030	-	-
Total	10,323	8,917	-	-
Less: Allowance for doubtful debts	-	(2,600)	-	-
Trade accounts receivable - sales of holiday club membership - installment due, net	<u>10,323</u>	<u>6,317</u>	<u>-</u>	<u>-</u>

9. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2015	2014	2015	2014	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Estate service expenses	-	-	1	2	(18) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	5	3	(3) agreed basis
Interest income	-	-	61	137	(5) agreement
Interest expenses	-	-	14	45	(5) agreement
Management fee income	-	-	33	27	(4), (7) agreement
Reimbursement receipts	-	-	20	22	(11) agreed basis
Reimbursement payments	-	-	11	17	(11) agreed basis
Rental and service income	-	-	10	12	(12)(i), (iii) agreement
Rental and service expenses	-	-	6	6	(12)(iv), (v) agreement
Resort service expenses	-	-	8	8	(14) agreed basis
Sale of assets	-	-	-	4	At net book value
Dividend received	-	-	-	34	As declared
<u>Transactions with associated companies</u>					
Inter resort receipts	3	2	-	-	(1) agreed basis
Reimbursement receipts	-	4	-	-	(11) agreed basis
Reimbursement payments	3	1	-	-	(11) agreed basis
Rental and service expenses	1	1	-	-	(12)(i) agreement
Sale of goods	4	3	-	-	(9) agreed basis
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	78	79	-	-	(1) agreed basis
Management fee income	1	4	1	1	(16), (17) agreement
Management fee expenses	264	253	3	-	(6), (15) agreement
Purchase of spa and gallery vouchers	8	7	2	2	(2), (8) agreed basis
Sale of gallery vouchers	1	1	-	-	(2), (8) agreed basis
Sale of goods	40	39	-	-	(9) agreed basis
Reimbursement receipts	71	91	3	3	(11) agreed basis
Reimbursement payments	86	43	11	8	(11) agreed basis
Rental and service income	34	34	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	1	1	-	-	(12)(viii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	8	8	-	-	(14) agreed basis
Spa service expenses	1	1	-	-	(2) agreed basis
Training charges	11	9	-	-	(10) agreed basis

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

- (1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel in which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort.

On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and credit card commission is charged ranging from 2% to 5% of the revenue based on the commission rate charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok and Banyan Tree Lijiang primarily for treatments at the spa and goods purchased at the shops.

- (2) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 20% to 60% discount to the Spa price list. The Gallery vouchers are priced at 20% to 40% discount to the face value of the voucher.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (4) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charged by the working hours and project management service is charged as Note (7).
- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 35 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

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

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

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of the Banyan Tree Phuket and Cassia Phuket pay a technical fee of 7.5% of gross operating profit.
- (v) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pays a hotel management fee of 10% of gross operating profit.
- (vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana corporate head office shall be charged as follows:
 - Group marketing services shared on a group basis are based on 3% of total actual hotel revenue (2014: 1.75% of actual hotel revenues plus a share of operating cost of Regional Marketing offices).
 - Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

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

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.

- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
- (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 20% to 35% discount to the retail price depending on the volume purchased.
 - (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus up to 35% margin.
- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).
- (i) Rental and service fee is on the basis of 5% to 10% of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

<u>Payee</u>	<u>Payer</u>	<u>Rental Period</u>	<u>Expiry Date</u>
BGL	BTRS(T)	30 years	November 2041
LBTL	BTRS(T)	10 years	December 2015

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited

LBTL : Laguna Banyan Tree Limited

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store is at Baht 1,138 per square metre per month.
- (iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.
- (iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.

- (v) Rental of land and lagoon on which hotel and hotel-related operations are located are at Baht 117,325 and Baht 11,733 per rai per annum respectively.
 - (vi) Service income from rental of Banyan Tree Management Academy is at Baht 128,750 per month.
 - (vii) Rental of land on which Spa premises are located is on the basis of Baht 0.7 million per annum.
 - (viii) Rental and service fee for Banyan Tree Gallery (Singapore)'s office, monthly rental is SGD 4 per square feet (2014: SGD 41.98 per square metre).
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.
- (14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:
- Water supply : at the determined price and actual usage
 - Laundry charge : at the price based on cost plus a certain margin
 - Common area services, : based on actual cost
transportation charges
 - Staff buses : at the price based on cost plus a certain margin
 - Marketing fee : at the rate of 0.75% of the operations' actual revenue
 - Community service : based on actual cost
 - Other services : at the determined price and actual usage
- (15) This relates to architectural and interior design services which the fees are based on construction cost at progressive rates which depend on type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.
- (16) The Technical Assistance Agreement of Laguna Excursions Limited is providing management services and granting the use of leading brand for the recreation department of Banyan Tree Bintan and Angsana Bintan hotels. The technical service fees include a technical services fee at rate of 12.5% of recreation revenue, an incentive fee at the rate of 31% of earnings before interest, tax, depreciation and amortisation, and a royalty fee at the rate of 5% of revenue. The agreement was terminated in December 2014.

(17) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources. The monthly fee is Baht 55,000.

(18) Estate maintenance and service charges by Laguna Grande Limited in respect of providing services such as pool cleaning service, gardening service, etc. to residential projects in Laguna Phuket which are charged at market price.

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

	(Unit: Million Baht)	
	2015	2014
Overdrafts and bank guarantee facilities	106	106

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

	(Unit: Million Baht)	
	2015	2014
Short-term loan facilities	170	170
Long-term loan facilities	900	-
Overdrafts and bank guarantee facilities	30	10

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Amounts due from related parties				
Subsidiaries	-	-	143,553	149,739
Associated companies	3,001	5,020	-	-
Related companies (related by common shareholders)	42,929	53,069	571	1,298
Total amounts due from related parties (Note 8)	<u>45,930</u>	<u>58,089</u>	<u>144,124</u>	<u>151,037</u>
Amounts due to related parties				
Subsidiaries	-	-	5,700	7,940
Associated companies	302	-	-	-
Related companies (related by common shareholders)	162,292	72,542	5,060	8
Total amounts due to related parties (Note 21)	<u>162,594</u>	<u>72,542</u>	<u>10,760</u>	<u>7,948</u>

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

As at 31 December 2015 and 2014, the balance of loans between the Company and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2015	Addition	Repayment	31 December 2015
Laguna Banyan Tree Limited	1,133,100	782,000	(1,275,000)	640,100
Laguna Holiday Club Limited	-	1,000	(1,000)	-
Laguna Lakes Limited	430,501	13,500	(66,700)	377,301
Laguna Grande Limited	-	394,600	(269,200)	125,400
TWR-Holdings Limited	693,420	803,500	(1,496,920)	-
Total	2,257,021	1,994,600	(3,108,820)	1,142,801

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	1 January 2015	Addition	Repayment	31 December 2015
Banyan Tree Gallery (Thailand) Limited	-	30,000	(30,000)	-
Laguna Grande Limited	746,950	220,000	(966,950)	-
Laguna Holiday Club Limited	14,000	46,000	(59,600)	400
Laguna (3) Limited	4,900	2,000	(200)	6,700
TWR-Holdings Limited	-	871,880	(230,700)	641,180
Total	765,850	1,169,880	(1,287,450)	648,280

Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	106,832	83,476	57,344	38,037
Post-employment benefits	2,543	2,293	1,398	1,052
Other long-term employee benefits	95	38	13	16
Total	109,470	85,807	58,755	39,105

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 36 b).

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2015	2014	2015	2014	2015	2014
Food and beverage	25,616	25,110	-	-	25,616	25,110
Finished goods and supplies	104,117	82,835	(248)	(166)	103,869	82,669
Total	129,733	107,945	(248)	(166)	129,485	107,779

11. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Property for sale under holiday club memberships	418,914	433,640	-	-
Completed buildings	702,359	564,535	64,749	72,371
Land	1,753,237	1,858,078	111,958	112,101
Leasehold land	3,000	44,041	-	-
Property under construction	909,632	988,415	8,795	8,795
Total	3,787,142	3,888,709	185,502	193,267

Subsidiaries have mortgaged property development cost amounting to Baht 1,300 million (2014: Baht 878 million) as collateral against its credit facilities received from financial institutions.

The property development cost has been financed with a loan from a financial institution. Borrowing costs amounting to Baht 12 million were capitalised for the year ended 31 December 2015 (2014: Nil). The weighted average rate of 5.41% has been used to determine the amount of borrowing costs eligible for capitalisation.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Value added tax	47,158	42,279	801	4,586
Prepaid expenses and withholding tax deducted at source	65,416	65,454	6,286	7,102
Advances to suppliers and staff	54,011	39,179	1,307	614
Income tax and VAT refundable	34,206	32,006	17,512	11,236
Total	200,791	178,918	25,906	23,538

13. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

13.1 Installments receivable from property sales which bear interest at a rate of 5.0% - 12.0% and MLR plus 0.5% per annum and installments are repaid over a period of 3 to 10 years.

13.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 7.5% - 9.0% per annum and installments are repaid over a period of 2 to 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2015	2014
Current portion of long-term trade accounts receivable	174,838	106,284
Long-term trade accounts receivable	457,995	165,044
Total	632,833	271,328
Sales of property		
Within 1 year (Note 8)	161,122	84,262
Over 1 year to 5 years	454,644	158,152
Over 5 years	1,169	1,551
Long-term trade accounts receivable - sales of property	616,935	243,965
Sales of holiday club memberships		
Within 1 year (Note 8)	13,716	22,022
Over 1 year to 5 years	2,182	5,341
Long-term trade accounts receivable - sales of holiday club memberships	15,898	27,363
Total	632,833	271,328

(Unit: Thousand Baht)

	Separate financial statements	
	2015	2014
Current portion of long-term trade accounts receivable	-	4,857
Long-term trade accounts receivable	-	-
Total	-	4,857
Sales of property		
Within 1 year (Note 8)	-	4,857
Long-term trade accounts receivable - sales of property	-	4,857

14. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2015	2014	2015	2014	2015	2014	2015	2014
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>								
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43	SGD 0.43	51.0	51.0	4.0	4.0	-	-
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0	-	-
Laguna Banyan Tree Limited ⁽¹⁾	1,500.0	500.0	100.0	100.0	1,325.1	835.1	-	-
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0	-	16.5
Laguna Grande Limited	1,000.0	1,000.0	100.0	100.0	984.8	984.8	-	17.6
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9	-	-
Laguna Service Company Limited ⁽²⁾	90.5	90.5	72.9	72.9	22.4	22.4	-	-
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8	-	-
TWR - Holdings Limited	1,550.0	1,250.0	100.0	100.0	1,550.0	1,250.0	-	-
<u>Subsidiaries held through TWR - Holdings Limited</u>								
Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-	-	-
Pai Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-	-	-
Phuket Resort Development Limited	100.0	100.0	100.0	100.0	-	-	-	-
PT AVC Indonesia	USD 0.9	USD 0.9	100.0	100.0	-	-	-	-
	Million	Million						
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-	-	-
Twin Waters Development Company Limited	214.4	214.4	100.0	100.0	-	-	-	-

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2015	2014	2015	2014	2015	2014	2015	2014
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
<u>Subsidiaries held through Laguna Grande Limited</u>								
Bangtao (1) Limited	20.9	20.9	100.0	100.0	-	-	-	-
Bangtao (2) Limited	19.1	19.1	100.0	100.0	-	-	-	-
Bangtao (3) Limited	7.8	7.8	100.0	100.0	-	-	-	-
Bangtao (4) Limited	14.6	14.6	100.0	100.0	-	-	-	-
Bangtao Development Limited	80.0	80.0	100.0	100.0	-	-	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100.0	100.0	-	-	-	-
Laguna Central Limited	1.0	1.0	85.0	85.0	-	-	-	-
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte Limited</u>								
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousands	USD 75 Thousands	51.0	51.0	-	-	-	-
<u>Subsidiary held through Laguna Holiday Club Limited</u>								
Cheer Golden Limited	-	-	100.0	100.0	-	-	-	-
Total investments in subsidiaries					4,269.0	3,479.0	-	34.1

(1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through Bangtao Grande Limited (2014: Laguna Banyan Tree Limited is held 49% by the Company and 51% through TWR - Holdings Limited). On 6 February 2015, TWR - Holdings Limited entered into the share sale agreement to sell all ordinary shares in Laguna Banyan Tree Limited (51% shareholding) to Bangtao Grande Limited.

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

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

On 3 March 2015, the Extraordinary General Meeting of Laguna Banyan Tree Limited's shareholders No.1/2015 passed a resolution approving to increase the registered share capital of such company from Baht 500,000,000 to Baht 1,500,000,000, through the issue of 10,000,000 new ordinary shares with a par value of Baht 100 each, a total of Baht 1,000,000,000. The Company and a subsidiary subscribed and paid for newly issued ordinary shares on 10 March 2015.

On 3 March 2015, the Extraordinary General Meeting of TWR - Holdings Limited's shareholders No.1/2015 passed a resolution approving to increase the registered share capital of such company from Baht 1,250,000,000 to Baht 1,550,000,000, through the issue of 3,000,000 new ordinary shares with a par value of Baht 100 each, a total of Baht 300,000,000. The Company subscribed and paid for newly issued ordinary shares on 10 March 2015.

The Company has goodwill from purchase of shares in subsidiaries as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2015	2014
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

15. Investments in associates

15.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2015	2014	2015	2014	2015	2014
			(%)	(%)				
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	383,087	409,465
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
					-	-	-	-
Total investments in associates - net					348,414	348,414	383,087	409,465

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

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

15.2 Share of comprehensive income (loss)

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of loss from investment in associate during the years		Share of other comprehensive income (loss) from investment in associate during the years	
	2015	2014	2015	2014
Lijiang Banyan Tree Hotel Co., Ltd.	(45,041)	(36,189)	18,663	(10,914)

15.3 Summarised financial information of material associate

Summarised information about financial position

(Unit: Million Baht)

Lijiang Banyan Tree Hotel Co., Ltd.

	2015	2014
Current assets	260	489
Non-current assets	1,518	1,461
Current liabilities	(712)	(632)
Non-current liabilities	(284)	(484)
Net assets	782	834
Shareholding percentage (%)	49	49
Share of net assets/carrying amounts of associates based on equity method	383	409

Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December

Lijiang Banyan Tree Hotel Co., Ltd.

	2015	2014
Revenue	323	382
Loss	(92)	(73)
Other comprehensive income (loss)	38	(22)
Total comprehensive income (loss)	(54)	(95)

15.4 Summarised financial information of other associate

	(Unit: Million Baht)	
	For the year ended	
	31 December	
	Tropical Resorts Ltd.	
	2015	2014
Loss	(148)	(201)
Other comprehensive income (loss)	(310)	11
Total comprehensive income (loss)	(458)	(190)

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

15.5 Investment in associates with capital deficit

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

	(Unit: Million Baht)			
	Unrecognised share of losses			
Company's name	Share of losses during the years		Cumulative share of losses up to 31 December	
	2015	2014	2015	2014
Tropical Resorts Ltd.	(38)	(52)	(190)	(72)

16. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Investment in available-for-sale security				
Thai Wah Public Company Limited				
(2014: Thai Wah Starch Public Company Limited)	334,627	334,627	31,161	31,161
Unrealised gain on available-for-sale security	191,197	67,798	494,663	371,264
Total investment in available-for-sale security - net	525,824	402,425	525,824	402,425

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Investments in other companies				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940	-	-
Total investments in other companies	606,365	606,365	-	-
Total other long-term investments - net	1,132,189	1,008,790	525,824	402,425

During the year 2014, the Company has reversed allowance for impairment of investment in Thai Wah Starch Public Company Limited in consolidated financial statements amounting to Baht 89 million (Separate financial statements: Nil).

As at 31 December 2014, the Company held 12,775,406 shares, or a 16.27% shareholding, in Thai Wah Starch Public Company Limited ("TWS").

On 1 October 2015, Thai Wah Public Company Limited ("TWPC") was formed by the amalgamation of Thai Wah Starch Public Company Limited ("TWS") and Thai Wah Food Products Public Company Limited ("TWFP"). TWPC's shares were allocated to the shareholders of TWS at a rate of 6.05280574 shares of TWPC for 1 existing share of TWS and as a result the Company holds 77,327,051 shares, or a 8.78% shareholding, in Thai Wah Public Company Limited ("TWPC").

17. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements					
	2015			2014		
	Land	Units in office	Construction in progress	Land	Units in office	Construction in progress
	awaiting for development / sales	building and shops for rent		awaiting for development / sales	building and shops for rent	
			Total			Total
Balance at beginning of year	376,896	735,380	-	358,075	742,560	1,100,635
Addition	-	1,524	9,994	74	7,445	7,519
Net gain (loss) from a fair value adjustment	-	(3,033)	-	18,747	(14,625)	4,122
Balance at end of year	376,896	733,871	9,994	376,896	735,380	1,112,276

(Unit: Thousand Baht)

	Separate financial statements						
	2015				2014		
	Land awaiting for development / sales	Units in office building and shops for rent	Construction in progress	Total	Land awaiting for development / sales	Units in Office building and shops for rent	Total
Balance at beginning of year	141,745	39,480	-	181,225	135,138	33,860	168,998
Addition	-	-	9,415	9,415	74	-	74
Net gain from a fair value adjustment	-	7,570	-	7,570	6,533	5,620	12,153
Balance at end of year	141,745	47,050	9,415	198,210	141,745	39,480	181,225

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

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

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Discount rate (%)	11 - 13	13	Decrease in fair value
Average rental rate per square metre per month (Baht)	580 and 1,066	1,066	Increase in fair value
Price per rai (Thousand Baht)	85 - 11,500	147 - 7,637	Increase in fair value

As at 31 December 2015, the subsidiaries have pledged investment properties amounting to approximately Baht 653 million (2014: Baht 696 million) as collateral against credit facilities received from financial institutions and as security deposit for the litigation in Note 41.

18. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost										
As at 1 January 2014	1,471,012	4,488,381	298,236	1,411,554	949,738	354,630	55,180	172,897	88,692	9,290,320
Additions	-	21,136	-	35,637	23,730	48,825	-	6,495	174,886	310,709
Disposals and write off	-	(22)	-	(5,054)	(18,818)	(7,456)	-	(3,315)	-	(34,665)
Transfers in/out	-	9,154	-	38,040	286	1,567	-	771	(49,818)	-
Transfer from property development cost	-	28,981	-	-	897	-	-	-	-	29,878
Adjustments	-	(864)	-	-	(1,280)	(199)	-	(44)	(7,445)	(9,832)
As at 31 December 2014	1,471,012	4,546,766	298,236	1,480,177	954,553	397,367	55,180	176,804	206,315	9,586,410
Additions	-	6,084	-	41,579	24,405	53,548	807	2,896	326,544	455,863
Disposals and write off	-	(1,096)	-	(263)	(22,603)	(16,383)	-	(871)	-	(41,216)
Transfers in/out	-	45,925	109,151	24,000	11,731	2,701	2,532	1,314	(197,354)	-
Transfer from property development cost	41,291	252,472	-	-	-	-	-	-	-	293,763
Adjustments	(184)	(3,186)	-	27	184	118	-	(13)	3,124	70
As at 31 December 2015	1,512,119	4,846,965	407,387	1,545,520	968,270	437,351	58,519	180,130	338,629	10,294,890
Accumulated depreciation										
As at 1 January 2014	(571)	(1,172,731)	(287,968)	(871,833)	(795,645)	(246,902)	(23,122)	(140,318)	-	(3,539,090)
Depreciation charged for the year	-	(111,200)	(2,754)	(70,237)	(54,320)	(39,156)	(8,157)	(10,153)	-	(295,977)
Disposals and write-off	-	-	-	4,976	17,918	7,390	-	3,111	-	33,395
Adjustments	-	63	-	-	574	(102)	-	53	-	588
As at 31 December 2014	(571)	(1,283,868)	(290,722)	(937,094)	(831,473)	(278,770)	(31,279)	(147,307)	-	(3,801,084)
Depreciation charged for the year	-	(119,078)	(14,924)	(75,087)	(50,346)	(38,303)	(5,110)	(10,444)	-	(313,292)
Disposals and write-off	-	143	-	257	22,421	16,017	-	871	-	39,709
Adjustments	-	(19)	-	(26)	(123)	(118)	-	(12)	-	(298)
As at 31 December 2015	(571)	(1,402,822)	(305,646)	(1,011,950)	(859,521)	(301,174)	(36,389)	(156,892)	-	(4,074,965)

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Allowance for impairment loss										
As at 1 January 2014	-	(12,256)	-	(102)	-	-	(5,193)	-	-	(17,551)
Reversal	-	935	-	102	-	-	3,895	-	-	4,932
As at 31 December 2014	-	(11,321)	-	-	-	-	(1,298)	-	-	(12,619)
Adjustments	-	284	-	-	-	-	649	-	-	933
As at 31 December 2015	-	(11,037)	-	-	-	-	(649)	-	-	(11,686)
Net book value - At cost										
As at 1 January 2014	1,470,441	3,303,394	10,268	539,619	154,093	107,728	26,865	32,579	88,692	5,733,679
As at 31 December 2014	1,470,441	3,251,577	7,514	543,083	123,080	118,597	22,603	29,497	206,315	5,772,707
As at 31 December 2015	1,511,548	3,433,106	101,741	533,570	108,749	136,177	21,481	23,238	338,629	6,208,239

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion										
As at 1 January 2014	4,431,383	58,228	-	-	-	-	-	-	-	4,489,611
As at 31 December 2014	4,431,383	58,228	-	-	-	-	-	-	-	4,489,611
Transfer from property development cost	8,248	-	-	-	-	-	-	-	-	8,248
As at 31 December 2015	4,439,631	58,228	-	-	-	-	-	-	-	4,497,859
Accumulated depreciation										
As at 1 January 2014	-	(16,214)	-	-	-	-	-	-	-	(16,214)
Depreciation of revaluation surplus on assets	-	(1,216)	-	-	-	-	-	-	-	(1,216)
As at 31 December 2014	-	(17,430)	-	-	-	-	-	-	-	(17,430)
Depreciation of revaluation surplus on assets	-	(1,217)	-	-	-	-	-	-	-	(1,217)
As at 31 December 2015	-	(18,647)	-	-	-	-	-	-	-	(18,647)
Net book value - revaluation portion										
As at 1 January 2014	4,431,383	42,014	-	-	-	-	-	-	-	4,473,397
As at 31 December 2014	4,431,383	40,798	-	-	-	-	-	-	-	4,472,181
As at 31 December 2015	4,439,631	39,581	-	-	-	-	-	-	-	4,479,212
Property, plant and equipment - net										
As at 1 January 2014	5,901,824	3,345,408	10,268	539,619	154,093	107,728	26,865	32,579	88,692	10,207,076
As at 31 December 2014	5,901,824	3,292,375	7,514	543,083	123,080	118,597	22,603	29,497	206,315	10,244,888
As at 31 December 2015	5,951,179	3,472,687	101,741	533,570	108,749	136,177	21,481	23,238	338,629	10,687,451
Depreciation for the year										
2014										292,261
2015										313,576

Separate financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
At cost									
As at 1 January 2014	189	56,602	10,915	11,864	21,986	1,369	7,640	6,796	117,361
Additions	-	188	202	268	1,566	-	-	5,657	7,881
Disposal and write off	-	-	(8,005)	(469)	(650)	-	-	-	(9,124)
Adjustment	-	-	12,453	-	-	-	-	(12,453)	-
As at 31 December 2014	189	56,790	15,565	11,663	22,902	1,369	7,640	-	116,118
Additions	-	512	543	997	1,522	51	70	-	3,695
Disposal and write off	-	-	-	-	(401)	-	-	-	(401)
As at 31 December 2015	189	57,302	16,108	12,660	24,023	1,420	7,710	-	119,412
Accumulated depreciation									
As at 1 January 2014	-	(26,039)	(4,773)	(10,653)	(20,142)	(1,178)	(7,357)	-	(70,142)
Depreciation charged for the year	-	(1,743)	(1,096)	(390)	(1,136)	(83)	(67)	-	(4,515)
Disposal and write off	-	-	3,638	443	649	-	-	-	4,730
As at 31 December 2014	-	(27,782)	(2,231)	(10,600)	(20,629)	(1,261)	(7,424)	-	(69,927)
Depreciation charged for the year	-	(1,746)	(1,068)	(397)	(1,162)	(64)	(69)	-	(4,506)
Disposal and write off	-	-	-	-	401	-	-	-	401
As at 31 December 2015	-	(29,528)	(3,299)	(10,997)	(21,390)	(1,325)	(7,493)	-	(74,032)
Net book value - At cost									
As at 1 January 2014	189	30,563	6,142	1,211	1,844	191	283	6,796	47,219
As at 31 December 2014	189	29,008	13,334	1,063	2,273	108	216	-	46,191
As at 31 December 2015	189	27,774	12,809	1,663	2,633	95	217	-	45,380

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in process	Total
Revaluation portion									
As at 1 January 2014	1,586	3,657	-	-	-	-	-	-	5,243
As at 31 December 2014	1,586	3,657	-	-	-	-	-	-	5,243
As at 31 December 2015	1,586	3,657	-	-	-	-	-	-	5,243
Accumulated depreciation									
As at 1 January 2014	-	(1,584)	-	-	-	-	-	-	(1,584)
Depreciation of revaluation surplus on assets	-	(54)	-	-	-	-	-	-	(54)
As at 31 December 2014	-	(1,638)	-	-	-	-	-	-	(1,638)
Depreciation of revaluation surplus on assets	-	(54)	-	-	-	-	-	-	(54)
As at 31 December 2015	-	(1,692)	-	-	-	-	-	-	(1,692)
Net book value - revaluation portion									
As at 1 January 2014	1,586	2,073	-	-	-	-	-	-	3,659
As at 31 December 2014	1,586	2,019	-	-	-	-	-	-	3,605
As at 31 December 2015	1,586	1,965	-	-	-	-	-	-	3,551
Property, plant and equipment – net									
As at 1 January 2014	1,775	32,636	6,142	1,211	1,844	191	283	6,796	50,878
As at 31 December 2014	1,775	31,027	13,334	1,063	2,273	108	216	-	49,796
As at 31 December 2015	1,775	29,739	12,809	1,663	2,633	95	217	-	48,931
Depreciation for the year									
2014									4,569
2015									4,560

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

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

Key assumptions used in the valuation are summarised below:

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Building - Price per square metre (Baht)	1,000 - 65,000	1,000 - 15,000	Increase in fair value
Land - Price per rai (Million Baht)	1.5 - 300	1.5 - 33	Increase in fair value

As at 31 December 2015, certain buildings and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 1,872 million (2014: Baht 1,818 million) (Separate financial statements: Baht 37 million, 2014: Baht 20 million).

The subsidiaries have mortgaged land and buildings at fair value of Baht 5,523 million (2014: Baht 5,570 million) as collateral against credit facilities received from financial institutions.

19. Leasehold rights

(Unit: Thousand Baht)

	<u>Hotel units</u>
Cost	
As at 1 January 2015	49,124
Exchange rate adjustment	2,714
As at 31 December 2015	<u>51,838</u>
Accumulated amortisation	
As at 1 January 2015	(29,675)
Amortisation for the year	(2,594)
Exchange rate adjustment	(2,290)
As at 31 December 2015	<u>(34,559)</u>
Net book value	
As at 1 January 2015	<u>19,449</u>
As at 31 December 2015	<u>17,279</u>

(Unit: Thousand Baht)

	<u>Hotel units</u>
Cost	
As at 1 January 2014	49,930
Exchange rate adjustment	(806)
As at 31 December 2014	<u>49,124</u>
Accumulated amortisation	
As at 1 January 2014	(27,017)
Amortisation for the year	(2,658)
As at 31 December 2014	<u>(29,675)</u>
Net book value	
As at 1 January 2014	<u>22,913</u>
As at 31 December 2014	<u><u>19,449</u></u>

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

20. Bank overdraft and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
Bank overdraft and short-term loans from financial institutions	3.65 - 7.37 (2014: 3.60 - 4.10)	<u>554,804</u>	<u>710,000</u>	<u>260,000</u>	<u>360,000</u>
Total		<u><u>554,804</u></u>	<u><u>710,000</u></u>	<u><u>260,000</u></u>	<u><u>360,000</u></u>

These bank overdraft and short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of the Company and its subsidiaries, as described in Note 18 and by the guarantee provided by subsidiaries.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade accounts payable	412,166	291,738	5,703	2,014
Amounts due to related parties (Note 9)	162,594	72,542	10,760	7,948
Accrued expenses	152,078	155,125	10,924	5,938
Other payables	130,671	78,270	1,876	637
Service charge payable to hotel staff	32,150	31,718	-	-
Accrued rental to villa owners	69,594	58,180	5,630	8,389
Total	959,253	687,573	34,893	24,926

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Value added tax payable	52,821	49,383	2,854	4,042
Unearned income	43,006	47,194	-	-
Other tax payable	40,888	17,120	1,488	2,244
Short-term provision	3,768	8,363	150	3,673
Total	140,483	122,060	4,492	9,959

23. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Secured	3,289,139	2,477,326	35,000	105,000
Long-term loans are repayable as follows:				
Within 1 year	469,750	657,750	35,000	70,000
Over 1 year to 5 years	1,965,860	1,579,576	-	35,000
Over 5 years	853,529	240,000	-	-
	2,819,389	1,819,576	-	35,000
Total	3,289,139	2,477,326	35,000	105,000

Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>The Company</u>				
(1) Baht loan from a bank, with a facility of Baht 420 million repayable quarterly from July 2010 to April 2016, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	35,000	105,000	35,000	105,000
<u>Subsidiaries</u>				
(2) Baht loan from a bank, with a facility of Baht 1,000 million ^(a) repayable quarterly from October 2009 to July 2022, at an interest rate as follows: 2012 -2017: MLR less 1% and 1.5% per annum 2018 onwards: MLR less 0.5%, and 0.75% per annum	813,050	853,550	-	-
(3) Baht loan from a bank, with a facility of Baht 145 million repayable quarterly from August 2010 to May 2016, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	62,500	131,500	-	-
(4) Baht loan from a bank, with a facility of Baht 700 million ^(a) repayable quarterly from April 2012 to October 2015, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.25% per annum	-	191,187	-	-
(5) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	560,000	640,000	-	-
(6) Baht loan from a bank, with a facility of Baht 298 million ^(a) repayable quarterly from June 2014 to March 2022, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.25% per annum	194,729	232,479	-	-
(7) Baht loan from a bank, with a facility of Baht 520 million repayable quarterly from June 2014 to June 2017, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.5% per annum	193,610	323,610	-	-
(8) Baht loan from a bank, with a facility of Baht 175 million, repayable quarterly from January 2017 to October 2023, at an interest rate as follows: 2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	175,000	-	-	-
(9) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from December 2016 to September 2022, at an interest rate as follows: 2015 onwards: MLR less 1%, 1.25% and 1.5% per annum	100,000	-	-	-
(10) Baht loan from a bank, with a facility of Baht 600 million ^(a) repayable quarterly from April 2017 to January 2022, at an interest rate as follows: 2015 onwards: MLR less 0.75% and 1.25% per annum	548,000	-	-	-

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Subsidiaries (cont.)</u>				
(11) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from August 2018 to August 2022, at an interest rate as follows: 2015 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	607,250	-	-	-
Total long-term loans from financial institutions	<u>3,289,139</u>	<u>2,477,326</u>	<u>35,000</u>	<u>105,000</u>

MLR: Minimum Lending Rate

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

The loans are secured by mortgage of plots of land and buildings of its subsidiaries, as described in Note 11, 17 and Note 18. The loans in (7) and (11) above are guaranteed by subsidiaries.

The loan agreements contain several covenants which, among other things, require the Company and its subsidiaries to maintain debt to equity ratios and debt service coverage ratios at the rate prescribed in the agreements.

As at 31 December 2015, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 771 million (2014: Nil).

24. Unsecured debenture

On 13 November 2015, the Meeting of the subsidiary's Board of Directors passed resolution to approve the issuance and offering Baht 500 million of name-registered, unsubordinated and unsecured debenture without a debenture holders' representative as following details. The debenture was issued and offered in December 2015.

	Debtenture	Interest rate	Terms	Due date	(Unit: Thousand Baht)	
					Consolidated financial statements	
					2015	2014
	Debtenture No. 1/2015	5.15% p.a.	3 years	24 December 2018	500,000	-
	Total debtenture, at face value				500,000	-
	Less: Unamortised portion of deferred transaction costs				(6,154)	-
	Total debtenture				<u>493,846</u>	<u>-</u>

Under rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of a debt to equity ratio of consolidated financial statements at the rate prescribed in the prospectus.

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company and other employee benefits plan, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2015			2014		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	24,705	27,917	52,622	26,570	27,831	54,401
Current service cost	3,103	2,937	6,040	2,671	2,880	5,551
Interest cost	1,081	983	2,064	1,065	985	2,050
Benefits paid during the year	(4,920)	(4,715)	(9,635)	(5,601)	(3,779)	(9,380)
Actuarial (gain) loss arising from						
Demographic assumptions changes	(5,167)	16,266	11,099	-	-	-
Financial assumptions changes	773	(8,202)	(7,429)	-	-	-
Experience adjustments	14,375	(5,530)	8,845	-	-	-
Balance at end of year	33,950	29,656	63,606	24,705	27,917	52,622

(Unit: Thousand Baht)

	Separate financial statements					
	2015			2014		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Balance at beginning of year	7,088	2,934	10,022	8,349	3,320	11,669
Current service cost	414	187	601	397	179	576
Interest cost	261	98	359	266	108	374
Benefits paid during the year	(1,142)	(741)	(1,883)	(93)	(175)	(268)
Actuarial (gain) loss arising from						
Demographic assumptions changes	(3,331)	(1,162)	(4,493)	-	-	-
Financial assumptions changes	498	586	1,084	-	-	-
Experience adjustments	9,268	395	9,663	-	-	-
Transfer	-	-	-	(1,831)	(498)	(2,329)
Balance at end of year	13,056	2,297	15,353	7,088	2,934	10,022

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current service cost	6,040	5,551	601	576
Interest cost	2,064	2,050	359	374
Actuarial (gain) loss of other long-term benefits recognised during the year	2,534	-	(181)	-
Total expenses recognised in profit or loss	10,638	7,601	779	950
Line items in profit or loss under which such expenses are included				
Cost of sales	9,863	6,333	(39)	32
Selling and administrative expenses	775	1,268	818	918

As at 31 December 2015, cumulative actuarial gains (net of actuarial losses) of post-employment benefits, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 19 million (2014: Baht 27 million) (Separate financial statements: Baht 1 million and 2014: Baht 6 million).

The Company and its subsidiaries expect to pay Baht 23 million of long-term employee benefits during the next year (Separate financial statements: Baht 11 million) (2014: Baht 11 million, separate financial statements: Baht 3 million).

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

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate (% per annum)	2.75	4.25	2.75	4.25
Salary increase rate (% per annum)	3.00	3.00	3.00	3.00
Gold price (Baht)	19,000	20,000	19,000	20,000

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

	(Unit: Million Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(0.9)	1.5	(0.1)	0.1
Salary increase rate (+/-1.00%)	2.1	(1.4)	0.3	(0.3)
Gold Price (+/- 1,000 Baht)	0.9	(0.4)	0.1	(0.1)

26. Capital reserve

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

27. Revaluation surplus

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

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Balance - beginning of year	3,935,218	3,935,218	136,986	136,986
Reversal of revaluation surplus on disposal of assets	(13,500)	-	-	-
Balance - end of year	3,921,718	3,935,218	136,986	136,986

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

28. Statutory reserve

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

29. Other income

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Interest income	21,151	20,217	61,235	138,506
Dividend income	25,551	25,551	25,551	59,605
Insurance claim	39,372	-	-	-
Gain on change in fair value of investment properties	-	4,122	7,570	12,153
Management fee income	-	-	36,558	28,110
Other	28,632	20,971	1,514	6,746
Total	114,706	70,861	132,428	245,120

30. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Salaries, wages and other employee benefits	1,062,172	997,186	129,633	107,715
Depreciation	313,576	292,261	4,560	4,569
Rental expenses from operating lease agreements	208,176	239,153	29,856	37,540
Repairs and maintenance	204,919	163,063	2,978	1,920
Water and electricity	204,612	211,384	5,624	5,905
Management, incentive fee and royalty fees	148,366	147,710	-	-
Commission	127,735	142,696	-	-
Sales and marketing expenses	232,597	212,161	1,120	5,240
Food and beverage cost	311,848	295,000	-	-
Increase in land and construction during the year	1,402,902	898,484	17	908
Change in property development cost	101,567	(473,895)	7,765	51,787

31. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	93,681	40,563	-	-
Adjustment in respect of income tax of previous year	3,610	316	-	-
Write off prepaid withholding tax	7,857	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	34,262	(32,248)	(11,984)	12,058
Income tax expense reported in the income statement	139,410	8,631	(11,984)	12,058

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax relating to actuarial loss of post-employment benefits	1,996	-	1,287	-
Deferred tax relating to unrealised gain on available-for-sale security	(24,680)	(13,560)	(24,680)	(31,427)
	(22,684)	(13,560)	(23,393)	(31,427)

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit (loss) before income tax	315,843	29,854	(34,258)	99,572
Applicable tax rate	0%-25%	0%-25%	20%	20%
Accounting profit before tax multiplied by income tax rate	61,273	5,861	(6,852)	19,914
Adjustment in respect of income tax of previous year	11,467	317	-	-
Effects of:				
Reversal of loss on impairment of investment	-	(17,867)	-	-
Dividend income	(5,110)	(5,110)	(5,110)	(11,921)
Unused tax losses	18,353	14,367	-	-
Non-taxable expenses	53,427	11,063	(22)	4,065
Total	66,670	2,453	(5,132)	(7,856)
Income tax expense reported in the income statement	139,410	8,631	(11,984)	12,058

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Statements of financial position	
	2015	2014
Deferred tax assets (liabilities)		
Unutilised tax losses	209,450	189,581
Provision for long-term employee benefits	12,721	10,524
Intercompany charges to property development cost and property, plant and equipment	18,486	23,470
Other items of deferred tax assets	4,753	11,986

(Unit: Thousand Baht)

	Consolidated financial statements	
	Statements of financial position	
	2015	2014
Revaluation surplus on assets	(1,367,289)	(1,373,859)
Temporary differences arising from revenue and cost recognition	(736,361)	(653,515)
Gain on change in fair value of investment properties	(156,517)	(156,788)
Unrealised gain on available-for-sales security	(38,039)	(13,560)
Other items of deferred tax liabilities	-	(33,895)
Net deferred tax liabilities	(2,052,796)	(1,996,056)

Reflected in the statements of financial position as follows:

Deferred tax assets	113,539	95,534
Deferred tax liabilities	(2,166,335)	(2,091,590)
Deferred tax liabilities, net	(2,052,796)	(1,996,056)

(Unit: Thousand Baht)

	Separate financial statements	
	Statements of financial position	
	2015	2014
Deferred tax assets (liabilities)		
Unutilised tax losses	27,193	15,869
Provision for long-term employee benefits	3,071	2,004
Other items of deferred tax assets	575	935
Revaluation surplus on assets	(20,722)	(20,732)
Temporary differences arising from revenue recognition	(92,626)	(95,545)
Gain on change in fair value of investment properties	(26,813)	(25,124)
Unrealised gain on available-for-sales security	(98,933)	(74,253)
Net deferred tax liabilities	(208,255)	(196,846)

As at 31 December 2015, the subsidiaries have unused tax losses totaling Baht 190 million (2014: Baht 166 million), on which deferred tax assets have not been recognised on these amounts as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
31 December 2015	-	33,405	-	-
31 December 2016	27,090	27,090	-	-
31 December 2017	22,673	22,673	-	-
31 December 2018	34,079	34,079	-	-
31 December 2019	48,627	48,627	-	-
31 December 2020	57,579	-	-	-
	<u>190,048</u>	<u>165,874</u>	<u>-</u>	<u>-</u>

32. Basic earnings per share

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

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	175,262	18,140	(22,274)	87,514
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings per share (Baht/share)	1.05	0.11	(0.13)	0.53

33. Provident fund

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

During the years, the contributions were recognized as expenses as following details:

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Hotel staff	Office staff	2015	2014
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	2.7	2.4
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.1	1.1
Bangtao Grande Limited	SCB Asset Management Company Limited	-	3.6	3.7
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.1	6.6
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.8	0.8
Banyan Tree Gallery (Singapore) Pte Ltd.	-	Central Provident Fund Board	0.6	0.6
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.2	2.1
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	1.1	0.9
Thai Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	3.6	4.0
Laguna Village Limited	MFC Asset Management Plc.	-	0.9	1.0
Laguna Excursions Limited	-	MFC Asset Management Plc.	0.5	0.5
Phuket Resort Development Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.0	0.5

34. Dividends

Dividends declared in 2015 and 2014 consisted of:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends on 2014 retained earnings	Annual General Meeting of the shareholders on 27 April 2015	20.84	0.125
Dividends on 2013 retained earnings	Annual General Meeting of the shareholders on 22 April 2014	56.66	0.34

35. Commitments

Capital commitment

As at 31 December 2015, the Company and its subsidiaries have capital commitments as follows:

- (a) A subsidiary has commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 10 million (2014: Baht 12 million).
- (b) The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 262 million (2014: Baht 911 million).
- (c) A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngan 39.6 square wah, with a third party. The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngan 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngan 36.2 square wah, by 1 July 2018. The subsidiary paid the deposit of Baht 65 million and the purchase price of the remaining land shall be increased at rate of 5% on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

Operating agreements

As at 31 December 2015 and 2014, the subsidiaries have operating agreements as follows:

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

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2016 - 31.12.2025	- Royalty fee: 2% of total revenue (a)
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025	- Technical fee: 7.5% of gross operating profit (a)

Company	Business unit	Operator	Contract period	Fees
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts	1.7.2012 - 31.12.2021	- Royalty fee: 3% of total revenue
		Pte. Limited	(b)	
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021	- Management fee: 10% of gross operating profit
Laguna Village Limited	Outrigger Laguna	Outrigger Hotels (Thailand)	29.5.2009 - 31.12.2019	- Basic management fee: 2% of total revenue for the first fiscal year, 2.5% of total revenue for the second fiscal year and 3% of total revenue for the remain fiscal years
	Phuket Resort and Villas	Limited	(c)	- Incentive fee: 7% of gross operating profit
Phuket Resort Development Limited	Cassia Phuket	Banyan Tree Hotels & Resorts	20.10.2015 - 19.10.2040	- Royalty fee: 2% of total revenue
		Pte. Limited	(d)	
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040	- Management fee: 7.5% of gross operating profit

- (a) Operator has option to extend for 1 additional period of 10 years.
(b) Operator has option to extend for 1 additional period of 20 years.
(c) Operator has option to extend for 2 additional periods of 10 years.
(d) Either party may extend the contract period for another 20 years with indefinite number of extension.

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

As at 31 December 2015 and 2014, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Payable within:				
In up to 1 year	45	97	3	5
In over 1 and up to 5 years	71	166	6	8
In over 5 years	-	8	-	-

During the year 2015, the Company and its subsidiaries recognised rental expenses of Baht 88 million (2014: Baht 116 million) (Separate financial statements: Baht 8 million and 2014: Baht 24 million).

Servitude over land

As at 31 December 2015, some subsidiaries have land servitudes of approximately 10 rai (2014: 7 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

36. Guarantees

- a) As at 31 December 2015, there were bank guarantees amounting to Baht 47 million (Separate financial statements: Baht 2 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (2014: Baht 46 million, Separate financial statements: Baht 2 million).
- b) As at 31 December 2015 and 2014, the Company has the provision of a guarantee for a loan obtained by Lijiang Banyan Tree Hotel Co., Ltd. (LBTH) by issuing the letter of indemnity to its parent company, Banyan Tree Holdings Limited. The provision of the guarantee is to secure the loan of LBTH in proportion to the equity interest of 49.04 % of the Company in LBTH (through Laguna Banyan Tree Limited).

37. Segment information

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

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

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

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

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

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2015 and 2014, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2015				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,297	2,351	106	-	5,754
Intersegment revenues	(188)	(3)	(20)	-	(211)
Revenue from to external customers	<u>3,109</u>	<u>2,348</u>	<u>86</u>	<u>-</u>	<u>5,543</u>
Results:					
Segment results	<u>(26)</u>	<u>578</u>	<u>25</u>	<u>(165)</u>	412
Unallocated income					<u>94</u>
Profit from operations and other income					506
Interest income	1	19	1	-	21
Finance cost	(97)	(54)	-	(15)	(166)
Share of loss from investment in associate	(42)	(3)	-	-	<u>(45)</u>
Profit before income tax expenses					316
Income tax expenses	(7)	(127)	(5)	(1)	<u>(140)</u>
Profit for the year					<u>176</u>
Other segment information					
Depreciation of property, plant and equipment	301	8	1	4	314
Amortisation of leasehold rights	-	3	-	-	3

(Unit: Million Baht)

	For the year ended 31 December 2014				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,268	812	113	-	4,193
Intersegment revenues	(183)	(8)	(23)	-	(214)
Revenue from to external customers	<u>3,085</u>	<u>804</u>	<u>90</u>	<u>-</u>	<u>3,979</u>
Results:					
Segment results	<u>120</u>	<u>103</u>	<u>29</u>	<u>(94)</u>	158
Unallocated income					50
Profit from operations and other income					208
Interest income	1	19	-	-	20
Finance cost	(93)	(48)	-	(21)	(162)
Share of loss from investment in associate	(34)	(2)	-	-	(36)
Profit before income tax expenses					30
Income tax expenses	(16)	(8)	(5)	20	(9)
Profit for the year					<u>21</u>
Other segment information					
Depreciation of property, plant and equipment	281	6	1	4	292
Amortisation of leasehold rights	-	3	-	-	3
Reversal of loss on impairment of investment	-	-	-	89	89

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

(Unit: Million Baht)

	2015	2014
Revenue from external customers		
Thailand	5,478	3,899
Others	65	80
Total	<u>5,543</u>	<u>3,979</u>
Non-current assets other than financial instruments and deferred tax assets		
Thailand	12,253	11,822
Others	50	31
Total	<u>12,303</u>	<u>11,853</u>

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

38. Fair value hierarchy

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

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
- equity instruments	526	-	-	526
Property, plant and equipment - land and building	-	-	9,424	9,424
Investment property	-	-	1,121	1,121
Liabilities for which fair value are disclosed				
Unsecured debenture	-	444	-	444

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
- equity instruments	526	-	-	526
Property, plant and equipment - land and building	-	-	32	32
Investment property	-	-	198	198

39. Financial instruments

39.1 Financial risk management

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

Credit risk

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

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits with financial institutions, long-term trade accounts receivable, bank overdrafts, loans and debenture. Most of the Company and its subsidiaries' financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates. The Company and its subsidiaries do not use derivative financial instruments to hedge such risk (the detail of long-term loans are set out in Note 23).

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

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
<u>Financial assets</u>						
Cash equivalents (excluding cash)	-	-	852	-	852	0.375 - 0.85
Current investments	11	-	-	-	11	1.10
Short-term restricted deposits	76	-	-	-	76	1.15
Trade and other receivables	222	-	19	394	635	3 - 12
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term trade accounts receivable	-	417	41	-	458	5 - 12
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	959	959	-
Bank overdraft and short-term loans from financial institution	-	-	555	-	555	3.65 - 7.37
Unsecured debenture	-	494	-	-	494	5.15
Long-term loans from financial institutions	-	-	3,289	-	3,289	5.025 - 5.525

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash equivalents (excluding cash)	-	-	25	-	25	0.375
Trade and other receivables	4	-	-	165	169	3
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term loans to subsidiaries	-	-	1,143	-	1,143	6.17
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	35	35	-
Long-term loans from subsidiaries	-	-	648	-	648	2.25 - 6.80
Short-term loans from financial institution	-	-	260	-	260	3.65
Long-term loans from financial institutions	-	-	35	-	35	5.525

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2014						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash equivalents (excluding cash)	-	-	439	-	439	0.375 - 1.25
Current investments	10	-	-	-	10	1.40
Trade and other receivables	90	-	16	444	550	3 - 12
Long-term fixed deposit	-	2	-	-	2	3
Long-term trade accounts receivable	-	112	53	-	165	3-9
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	688	688	-
Short-term loans from financial institution	-	-	710	-	710	3.60 - 4.10
Long-term loans from financial institutions	-	-	2,477	-	2,477	3.6 - 5.75

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2014						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash equivalents (excluding cash)	-	-	17	-	17	0.375
Trade and other receivables	5	-	-	199	204	3
Long-term fixed deposit	-	2	-	-	2	3
Long-term loans to subsidiaries	-	-	2,257	-	2,257	6.35
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	25	25	3.55
Long-term loans from subsidiaries	-	-	766	-	766	2.60 - 5.99
Short-term loans from financial institution	-	-	360	-	360	3.60 - 4.10
Long-term loans from financial institutions	-	-	105	-	105	5.75

Foreign currency risk

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

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

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities as at		Financial assets		Financial liabilities as at			
	as at		as at		as at		as at		31 December	
	31 December		31 December		31 December		31 December			
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	3	4	1	-	-	-	-	-	36.0417	32.9186

39.2 Fair value of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash at banks, accounts receivable and accounts payable, their carrying amounts in the statement of financial position approximate their fair value.
- For equity securities, their fair value is generally derived from quoted market prices.
- For fixed rate debenture, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.

The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	Consolidated financial statements			
	Carrying amount		Fair value	
	2015	2014	2015	2014
<u>Financial liabilities</u>				
Unsecured debenture	494	-	444	-

40. Capital management

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

According to the statement of financial position as at 31 December 2015, the Group's debt-to-equity ratio was 0.72:1 (2014: 0.64:1) and the Company's was 0.23:1 (2014: 0.28:1).

41. Litigation

A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991 to 1995. The plaintiffs claim the Sale and Purchase Agreement called for common area of approximately 20 rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 rai 2 ngan 9 square wah. As result, the plaintiffs claim that defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 rai 3 ngan 97.1 square wah to Allamanda 1 Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. The total amount of claim is Baht 188 million with interest at the rate of 7.5% per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors, totaling ten, of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, therefore, must also be jointly liable with those subsidiaries.

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

On 27 June 2014, the Phuket Provincial Court has ordered the defendants (1) to transfer the nine plots of land totaling 10 rai 3 ngan 97.1 square wah to the plaintiffs (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land with interest at the rate of 7.5% per annum from the following day after the claim was lodged until payment is made in full (3) to pay Baht 16,000.79 per day from the following day after the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 as legal fees to the plaintiffs. On 23 January 2015, the subsidiaries lodged an appeal on the judgement at the Court of First Instance. On 15 October 2015, the Appeal Court ordered the defendants to place a deposit, amounting to Baht 36 million for the monetary compensations that the Court of First Instance has awarded the plaintiffs. On 18 December 2015, the Court has granted the Company's placement of land in Chiang Rai as security for the deposit.

As at 31 December 2015, subsidiaries have set aside a provision of Baht 40.1 million for liabilities arising as a result of this case (2014: Baht 39.3 million).

42. Event after the reporting period

On 23 February 2016, the meeting of the Company's Board of Directors passed the resolution to propose Annual General Meeting of the Company's shareholders for approval the payment of a dividend from the retained earnings as at 31 December 2015 to the Company's shareholders of Baht 0.36 per share.

43. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2014 have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss) or shareholders' equity. The reclassifications are as follows:

	(Unit: Thousand Baht)			
	For the year ended 31 December 2014			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Income statements				
Revenue from hotel operations	3,085,125	3,039,991	45,134	-
Revenue from property development operations	803,905	815,205	88,222	99,522
Cost of hotel operations	1,782,286	1,748,452	33,834	-

44. Approval of financial statements

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