

Laguna Resorts & Hotels Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2016

## **Independent Auditor's Report**

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

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 2016, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### ***Revenue recognition of hotel and property development***

Revenue from hotel and property development is the most significant amount in the consolidated income statement and it is a key performance indication to which the management and users of the financial statements pay particular attention. In addition, intense competition in the hotel and real estate industry in Phuket province, which is the key location of the Group operations, has significantly effected the Group's operating performance. There are therefore risks with respect to the timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls which respond to the above risks.
- Applying a sampling method to select agreements related to revenue recognition to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.

- On a sampling basis, examining supporting documents for actual revenue transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes and reversals of revenue transactions after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### ***Fair value measurement of land, buildings and investment properties***

Land and buildings are stated at revalued amount and investment properties are stated at fair value. The management arranged for an independent valuer to appraise their fair value. The measurement of fair value is identified as a key audit matter because land, buildings and investment properties are the most significant amounts in the consolidated statement of financial position. In addition, the assessment of fair value required the management to exercise judgment in respect of the key assumptions and estimates, as described in Notes 17 and 18. There are therefore risks with respect to the value of land, buildings and investment properties.

I assessed the management's determination of the fair value by performing the following procedures:

- Gaining an understanding of internal controls of the Group relevant to the measurement of fair value of land, buildings and investment properties.
- Evaluating the independence and competence of the independent valuer.
- Evaluating the scope and objectives of the engagement of the independent valuer, together with the appropriateness of valuation model or method and key assumptions used.
- Having discussions with the management and independent valuer and performing a review of key assumptions and methods applied in determination of fair value.
- Comparing the consistency of valuation model or method used and key assumptions with those used in the prior year.
- Reviewing the completeness and correctness of data prepared by management which were used in determination of fair value.

- Reviewing the disclosures related to land, buildings and investment properties in the note to financial statements.

### ***Investment in associate - Thai Wah Public Company Limited***

As described in Note 15 to the financial statements, during the current year, the Company acquired additional shares in Thai Wah Public Company Limited and the Company's key management was appointed as a director of Thai Wah Public Company Limited. The Company's management have considered that this event leads the Company to have significant influence over Thai Wah Public Company Limited and therefore, the Company has changed the status of investment in such company from other long-term investment to investment in associate. I have focused on this transaction since its effect is material to the financial statements as a whole, and the determination of significant influence over investee requires management to exercise substantial judgement.

I inquired with the management as to the nature and objectives of the acquisition and the management's assessment of significant influence over investee in order to evaluate whether it meets the definition under Thai Accounting Standard No. 28 (revised 2015) Investment in Associates and Joint Ventures. In addition, I checked the value of the acquisition with supporting documents and related payments, and traced the appointment of the additional director with the minute of the board of directors of Thai Wah Public Company Limited. In addition, I tested the calculation of the investment valuation as at the date of change in status of investment and checked the correctness of the recording of related transactions. I reviewed the disclosures related to this transaction in the notes to financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audits, or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

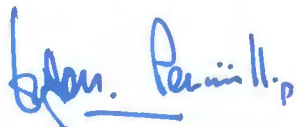
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sophon Permsirivallop.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 21 February 2017



Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	669,769,787	859,881,278	18,206,259	25,640,769
Current investment - short-term fixed deposit		12,885,011	10,719,374	-	-
Short-term restricted deposit at financial institution	7	-	75,930,055	-	-
Trade and other receivables	8	671,731,602	635,439,326	182,268,078	169,471,964
Inventories	10	114,938,229	129,484,970	-	-
Property development cost	11	3,539,955,487	3,787,142,311	120,224,314	185,502,070
Other current assets	12	156,820,494	200,791,227	20,638,146	25,906,002
<b>Total current assets</b>		<b>5,166,100,610</b>	<b>5,699,388,541</b>	<b>341,336,797</b>	<b>406,520,805</b>
<b>Non-current assets</b>					
Long-term restricted deposit at financial institution	7	41,189	41,189	-	-
Long-term fixed deposit		2,178,200	2,178,200	2,178,200	2,178,200
Long-term trade accounts receivable	13	393,400,576	457,995,364	-	-
Investments in subsidiaries	14	-	-	4,269,025,777	4,269,025,777
Investments in associates	15	1,082,787,678	383,086,601	777,454,049	-
Other long-term investments	16	606,364,594	1,132,188,540	-	525,823,948
Long-term loans to subsidiaries	9	-	-	1,116,000,629	1,142,800,630
Investment properties	17	1,149,510,731	1,120,761,173	186,037,559	198,210,268
Property, plant and equipment	18	11,742,223,905	10,687,451,126	55,671,829	48,930,762
Deferred tax assets	31	83,964,488	113,538,768	-	-
Goodwill	14	407,903,881	407,903,881	-	-
Leasehold rights	19	14,206,019	17,279,331	-	-
Other non-current assets		76,666,384	69,459,076	1,300,854	1,352,152
<b>Total non-current assets</b>		<b>15,559,247,645</b>	<b>14,391,883,249</b>	<b>6,407,668,897</b>	<b>6,188,321,737</b>
<b>Total assets</b>		<b>20,725,348,255</b>	<b>20,091,271,790</b>	<b>6,749,005,694</b>	<b>6,594,842,542</b>

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

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdraft and short-term loans					
from financial institutions	20	515,000,000	554,803,557	265,000,000	260,000,000
Trade and other payables	21	819,841,816	959,252,849	34,285,427	34,892,882
Current portion of long-term loans from financial institutions	23	590,860,000	469,750,000	-	35,000,000
Income tax payable		43,802,222	62,547,936	-	-
Advance received from customers		391,616,838	546,545,142	490,555	404,695
Other current liabilities	22	163,639,624	140,483,145	9,821,525	4,492,303
<b>Total current liabilities</b>		<b>2,524,760,500</b>	<b>2,733,382,629</b>	<b>309,597,507</b>	<b>334,789,880</b>
<b>Non-current liabilities</b>					
Long-term loans from subsidiaries	9	-	-	746,680,000	648,280,000
Long-term loans from financial institutions					
- net of current portion	23	2,456,960,726	2,819,388,750	-	-
Unsecured debenture	24	495,913,040	493,846,200	-	-
Provision for long-term employee benefits	25	59,611,030	63,605,646	14,906,073	15,352,976
Long-term provision - provision for legal case	41	40,575,712	40,132,680	-	-
Deferred tax liabilities	31	2,356,960,085	2,166,335,216	107,470,687	208,255,229
Other non-current liabilities		105,264,828	99,409,011	5,742,444	5,695,424
<b>Total non-current liabilities</b>		<b>5,515,285,421</b>	<b>5,682,717,503</b>	<b>874,799,204</b>	<b>877,583,629</b>
<b>Total liabilities</b>		<b>8,040,045,921</b>	<b>8,416,100,132</b>	<b>1,184,396,711</b>	<b>1,212,373,509</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
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		2,952,374,270	2,642,748,247	1,480,927,234	908,789,814
Other components of shareholders' equity		4,935,426,870	4,239,617,362	142,718,799	532,716,269
Equity attributable to owner of the Company		12,396,894,678	11,391,459,147	5,564,608,983	5,382,469,033
Equity attributable to non-controlling interests of the subsidiaries		288,407,656	283,712,511	-	-
<b>Total shareholders' equity</b>		<b>12,685,302,334</b>	<b>11,675,171,658</b>	<b>5,564,608,983</b>	<b>5,382,469,033</b>
<b>Total liabilities and shareholders' equity</b>		<b>20,725,348,255</b>	<b>20,091,271,790</b>	<b>6,749,005,694</b>	<b>6,594,842,542</b>

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenue</b>					
Revenue from hotel operations		3,483,554,597	3,108,617,130	39,766,631	33,655,545
Revenue from property development operations		1,305,895,061	2,348,479,352	117,450,269	13,147,291
Revenue from office rental operations		90,827,134	86,427,410	23,295,595	31,673,108
Other income	29	461,380,608	114,705,625	809,209,643	132,428,362
<b>Total revenue</b>		<b>5,341,657,400</b>	<b>5,658,229,517</b>	<b>989,722,138</b>	<b>210,904,306</b>
<b>Expenses</b>					
Cost of hotel operations		2,002,259,840	1,839,228,448	31,991,782	26,411,793
Cost of property development operations		842,835,961	1,504,468,651	65,277,756	7,782,287
Cost of office rental operations		49,581,444	44,257,387	6,966,696	7,107,548
Selling expenses		359,094,920	382,738,784	6,868,880	3,377,801
Administrative expenses		1,336,405,109	1,360,504,289	170,457,917	167,916,446
<b>Total expenses</b>		<b>4,590,177,274</b>	<b>5,131,197,559</b>	<b>281,563,031</b>	<b>212,595,875</b>
<b>Profit (loss) before share of loss from investment</b>					
in associate, finance cost and income tax expenses		751,480,126	527,031,958	708,159,107	(1,691,569)
Share of loss from investment in associate	15	(49,605,032)	(45,041,156)	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>701,875,094</b>	<b>481,990,802</b>	<b>708,159,107</b>	<b>(1,691,569)</b>
Finance cost		(190,195,577)	(166,147,594)	(59,300,084)	(32,566,209)
<b>Profit (loss) before income tax expenses</b>		<b>511,679,517</b>	<b>315,843,208</b>	<b>648,859,023</b>	<b>(34,257,778)</b>
Income tax expenses	31	(133,891,494)	(139,409,887)	3,285,174	11,984,074
<b>Profit (loss) for the year</b>		<b>377,788,023</b>	<b>176,433,321</b>	<b>652,144,197</b>	<b>(22,273,704)</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		380,251,507	175,262,057	652,144,197	(22,273,704)
Non-controlling interests of the subsidiaries		(2,463,484)	1,171,264		
		<b>377,788,023</b>	<b>176,433,321</b>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	32	2.28	1.05	3.91	(0.13)

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Profit (loss) for the year</b>		<b>377,788,023</b>	<b>176,433,321</b>	<b>652,144,197</b>	<b>(22,273,704)</b>
<b>Other comprehensive income (loss):</b>					
<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		(3,515,821)	2,545,464	-	-
Unrealised gain on available-for-sales security, net of income tax		123,570,087	98,718,926	123,570,087	98,718,926
Share of other comprehensive income (loss) of associate	15	(28,147,939)	18,662,774	-	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods, net of income tax		91,906,327	119,927,164	123,570,087	98,718,926
<i>Other comprehensive income (loss) reclassified to profit or loss for the year - unrealised gain on available-for-sales security, net of income tax</i>	15	(276,528,032)	-	(519,300,409)	-
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>					
Addition of revaluation surplus on assets, net of income tax	27	896,971,135	-	5,732,852	-
Actuarial loss of post-employment benefits, net of income tax	25	-	(7,984,789)	-	(5,147,571)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of income tax		896,971,135	(7,984,789)	5,732,852	(5,147,571)
<b>Other comprehensive income (loss) for the year</b>		<b>712,349,430</b>	<b>111,942,375</b>	<b>(389,997,470)</b>	<b>93,571,355</b>
<b>Total comprehensive income (loss) for the year</b>		<b>1,090,137,453</b>	<b>288,375,696</b>	<b>262,146,727</b>	<b>71,297,651</b>
<b>Total comprehensive income (loss) attributable to:</b>					
Equity holders of the Company		1,085,442,308	286,293,947	262,146,727	71,297,651
Non-controlling interests of the subsidiaries		4,695,145	2,081,749		
		<b>1,090,137,453</b>	<b>288,375,696</b>		

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 2016

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to the owners of the Company											
	Other components of shareholders' equity										Equity attributable to non-controlling interests of the subsidiaries	
	Other comprehensive income											
Issued and fully paid-up share capital	Share premium	Capital reserve	Appropriated - statutory reserve	Unappropriated reserve	Retained earnings	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Share of other comprehensive income (loss) of associate	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Total shareholders' equity
Balance as at 1 January 2015	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,482,805,944	106,987,581	3,935,217,792	54,239,019	37,656,425	4,134,100,817	11,126,000,299	11,407,631,061
Profit for the year	-	-	-	-	175,262,057	-	-	-	-	-	175,262,057	176,433,321
Other comprehensive income (loss) for the year	-	-	-	-	(7,984,789)	1,634,979	-	98,718,926	18,662,774	119,016,679	910,485	111,942,375
Total comprehensive income (loss) for the year	-	-	-	-	(7,984,789)	1,634,979	-	98,718,926	18,662,774	119,016,679	910,485	111,942,375
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	211,675,358	2,642,748,247	108,622,560	3,921,717,658	152,957,945	56,319,199	4,239,617,362	11,391,459,147	11,675,171,658
Balance as at 1 January 2016	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,642,748,247	108,622,560	3,921,717,658	152,957,945	56,319,199	4,239,617,362	11,391,459,147	11,675,171,658
Profit (loss) for the year	-	-	-	-	380,251,507	-	-	-	-	-	380,251,507	377,788,023
Other comprehensive income (loss) for the year	-	-	-	-	-	(2,987,901)	889,284,566	(152,957,945)	(28,147,939)	705,190,801	7,156,629	712,349,430
Total comprehensive income (loss) for the year	-	-	-	-	-	(2,987,901)	889,284,566	(152,957,945)	(28,147,939)	705,190,801	4,695,145	1,090,137,453
Dividend paid (Note 34)	-	-	-	-	(80,006,777)	-	-	-	-	-	(80,006,777)	(80,006,777)
Reversal of revaluation surplus on disposal of assets (Note 27)	-	-	-	-	9,381,293	-	(9,381,293)	-	-	(9,381,293)	-	-
Balance as at 31 December 2016	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,952,374,270	105,634,659	4,801,620,951	-	28,171,260	4,935,426,870	12,396,894,678	12,665,302,334

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 2016

(Unit: Baht)

	Separate financial statements									
	Issued and fully paid-up share capital	Share premium	Retained earnings			Other components of shareholders' equity			Total other components of shareholders' equity	Total shareholders' equity
			Appropriated - Statutory reserve	Unappropriated	Revaluation surplus on assets	Unrealised gain on available-for-sales security	Other comprehensive income			
<b>Balance as at 1 January 2015</b>	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)		
<b>Balance as at 31 December 2015</b>	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		
<b>Balance as at 1 January 2016</b>	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		
Profit for the year	-	-	-	652,144,197	-	-	-	652,144,197		
Other comprehensive income (loss) for the year	-	-	-	-	5,732,852	(395,730,322)	(389,997,470)	(389,997,470)		
Total comprehensive income (loss) for the year	-	-	-	652,144,197	5,732,852	(395,730,322)	(389,997,470)	262,146,727		
Dividend paid (Note 34)	-	-	-	(80,006,777)	-	-	-	(80,006,777)		
<b>Balance as at 31 December 2016</b>	1,666,827,010	2,062,460,582	211,675,358	1,480,927,234	142,718,799	-	142,718,799	5,564,608,983		

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	511,679,517	315,843,208	648,859,023	(34,257,778)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	340,791,357	313,576,026	5,638,523	4,560,302
Amortisation of leasehold rights	2,661,918	2,594,320	-	-
Amortisation of transaction costs related to debenture issuance	2,066,840	-	-	-
Allowance for doubtful accounts	19,335,735	23,558,243	130,048	1,428,649
Reduction of inventory to net realisable value	459,258	210,757	-	-
Share of loss from investment in associate	49,605,032	45,041,156	-	-
Loss (gain) on change in fair value of investment properties	(18,887,446)	3,033,372	12,187,489	(7,570,000)
Loss (gain) on sales of property, plant and equipment	1,092,564	(535,089)	2,815	(4,776)
Write off property, plant and equipment	348,503	1,112,211	-	-
Reversal of loss on impairment of property, plant and equipment	(5,672,563)	-	-	-
Dividend income from other long-term investment	(27,837,738)	(25,550,812)	(27,837,738)	(25,550,812)
Provision for long-term employee benefits	5,364,816	10,637,944	525,099	779,260
Forfeited money from property unit	-	(13,494,141)	-	-
Provision for loss on compensation claim	443,032	1,479,197	-	-
Gain on fair value adjustment of investment from changing status of investment	(345,660,040)	-	(649,125,512)	-
Interest income	(41,725,975)	(21,151,268)	(74,106,802)	(61,235,312)
Interest expenses	190,195,577	166,147,594	59,300,084	32,566,209
Profit (loss) from operating activities before changes in operating assets and liabilities	684,260,387	822,502,718	(24,426,971)	(89,284,258)
Operating assets (increase) decrease				
Trade and other receivables	(55,583,208)	(111,741,198)	(12,407,939)	25,732,619
Inventories	14,087,483	(21,916,625)	-	-
Property development cost	291,348,102	(172,576,561)	65,277,756	7,764,994
Other current assets	57,394,536	(9,219,618)	9,687,785	3,213,218
Long-term trade accounts receivable	64,594,788	(292,951,089)	-	-
Other non-current assets	(7,207,308)	(1,102,193)	51,298	(17,499)
Operating liabilities increase (decrease)				
Trade and other payables	(138,133,539)	268,770,494	(1,611,095)	10,542,641
Advance received from customers	(154,928,304)	(470,667,022)	85,860	(310,901)
Other current liabilities	23,152,140	18,436,649	3,173,258	(5,466,968)
Provision for long-term employee benefits	(9,359,432)	(9,635,288)	(972,002)	(1,882,458)
Other non-current liabilities	5,855,817	13,949,019	47,020	(185,621)
Cash flows from operating activities	775,481,462	33,849,286	38,904,970	(49,894,233)
Cash received for interest income	41,681,173	21,242,023	73,588,579	68,501,540
Cash paid for interest expenses	(203,560,974)	(175,635,543)	(58,296,444)	(33,141,584)
Cash paid for income tax	(132,166,984)	(79,039,914)	(4,419,928)	(5,581,542)
<b>Net cash flows from (used in) operating activities</b>	<b>481,434,677</b>	<b>(199,584,148)</b>	<b>49,777,177</b>	<b>(20,115,819)</b>

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Increase in current investment - short-term fixed deposit	(2,165,637)	(131,383)	-	-
Decrease (increase) in short-term restricted deposit at financial institution	75,930,055	(75,930,055)	-	-
Increase in long-term fixed deposit	-	(178,200)	-	(178,200)
Cash paid for purchase of investment in subsidiaries	-	-	-	(790,000,700)
Cash paid for purchase of other long-term investment	(97,167,493)	-	(97,167,493)	-
Dividend received from other long-term investment	27,837,738	25,550,812	27,837,738	25,550,812
Cash received from long-term loans to subsidiaries	-	-	698,600,000	3,108,820,000
Cash paid for long-term loans to subsidiaries	-	-	(671,800,000)	(1,994,600,000)
Cash received from long-term loans to a related company	2,205,209	-	-	-
Cash paid for long-term loans to a related company	(2,205,209)	-	-	-
Cash paid for acquisition of investment properties	(9,862,112)	(11,518,613)	(14,780)	(9,415,238)
Cash received from sales of property, plant and equipment	332,469	931,044	2,210	4,804
Cash paid for acquisition of property, plant and equipment	(301,847,070)	(455,176,363)	(3,062,585)	(3,694,915)
<b>Net cash flows from (used in) investing activities</b>	<b>(306,942,050)</b>	<b>(516,452,758)</b>	<b>(45,604,910)</b>	<b>336,486,563</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdraft and short-term loans from financial institutions	(39,803,557)	(155,196,443)	5,000,000	(100,000,000)
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	-	-	561,800,000	1,169,880,000
Repayment of long-term loans from subsidiaries	-	-	(463,400,000)	(1,287,450,000)
Draw down of long-term loans from financial institutions	374,316,950	1,454,000,000	-	-
Repayment of long-term loans from financial institutions	(615,634,974)	(642,187,070)	(35,000,000)	(70,000,000)
Payment of dividends	(80,006,777)	(20,835,099)	(80,006,777)	(20,835,099)
<b>Net cash flows from (used in) financing activities</b>	<b>(361,128,358)</b>	<b>1,129,627,588</b>	<b>(11,606,777)</b>	<b>(308,405,099)</b>
Net exchange differences on translation of financial statements in foreign currency	(3,475,760)	1,657,396	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(190,111,491)</b>	<b>415,248,078</b>	<b>(7,434,510)</b>	<b>7,965,645</b>
Cash and cash equivalents at beginning of year	859,881,278	444,633,200	25,640,769	17,675,124
<b>Cash and cash equivalents at end of year</b>	<b>669,769,787</b>	<b>859,881,278</b>	<b>18,206,259</b>	<b>25,640,769</b>

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Supplemental cash flows information</b>				
Non-cash items				
Share of comprehensive income (loss) of associate	(28,147,939)	18,662,774	-	-
Transferred of property, plant and equipment to property development cost	31,198,781	-	-	-
Transferred property development cost to property, plant and equipment	-	302,010,647	-	-
Addition of revaluation surplus on assets	1,121,213,919	-	7,166,065	-
Reversal of revaluation surplus on disposal of assets	9,381,293	13,500,134	-	-
Actuarial loss of post-employment benefits	-	9,980,986	-	6,434,464
Increase in investment in associate from changing status of investment	777,454,049	-	777,454,049	-
Interest recorded as property development cost	12,962,497	11,996,995	-	-

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 2016**

#### **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 four hotels in Laguna Phuket, namely Angsana Laguna Phuket, Banyan Tree Phuket, Outrigger Laguna Phuket Resort and Villas and Cassia Phuket, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries are also engaged in operating golf clubs (Laguna Phuket Golf Club and Laguna Golf Bintan), sales of merchandise (Banyan Tree Gallery), office and shops rental and sale of holiday club memberships.

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

On 1 August 2016, Outrigger Laguna Phuket Resort and Villas changed the hotel name to Angsana Villas Resort Phuket.

#### **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 the Company has early adopted Thai Accounting Standard No. 105 (revised 2016) regarding “Accounting for investment in debt and equity securities”, before the date of enforcement. 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	
			2016 %	2015 %
<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 <sup>(1)</sup>	Hotel operations, property development sales and marketing service for holiday club membership	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 <sup>(2)</sup>	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 and operating a golf club	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
Bangtao Development Limited	Owens 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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u>	<u>2015</u>
			%	%
<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.				
(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**

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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 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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

##### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

## **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.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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 individuals or enterprises 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 or enterprises 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 or the Income 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.

### **Investment in associate**

The management of the Company determined that the Company has significant influence over Thai Wah Public Company Limited, even though the Company holds less than 20% of its shares and voting rights. This is because the Company acquired additional shares in Thai Wah Public Company Limited during the year and the Company's key management was appointed as a director of the investee. As a result, Thai Wah Public Company Limited is deemed to be an associate company and the equity method has been applied for recording of investment in associate as from the date on which the Company has significant influence over the investee.

## **6. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	7,712	7,831	144	143
Bank deposits	662,058	852,050	18,062	25,498
Total	669,770	859,881	18,206	25,641

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interest rates between 0.25% and 0.85% per annum (2015: between 0.375% and 0.85% per annum).

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

As at 31 December 2015, the short-term restricted deposit was reserved for payments of loan principal and interest of a subsidiary as per the bank loan agreement only (2016: Nil).

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	
	2016	2015	2016	2015
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	290,920	302,851	8,034	6,172
Less: Allowance for doubtful accounts	(52,436)	(37,578)	(1,559)	(1,429)
Trade accounts receivable - hotel operations, net	238,484	265,273	6,475	4,743
Trade accounts receivable - sales of property				
- Installments due	41,083	81,076	-	3,760
Current portion of long-term trade accounts receivable (Note 13)	204,135	161,122	-	-
Trade accounts receivable - sales of property, net	245,218	242,198	-	3,760
Trade accounts receivable - sales of holiday club memberships - Installments due	93,485	10,323	-	-
Current portion of long-term trade accounts receivable (Note 13)	5,481	13,716	-	-
Trade accounts receivable - sales of holiday club memberships, net	98,966	24,039	-	-
Trade accounts receivable - net	582,668	531,510	6,475	8,503
<u>Other receivables</u>				
Amounts due from related parties (Note 9)	39,455	45,930	158,582	144,124
Other receivables	30,335	33,582	341	3,904
Insurance claim receivable	98	8,071	-	-
Accrued other income	2,431	3,603	175	233
Interest receivable	86	41	37	6
Accrued rental	16,659	12,702	16,658	12,702
Total other receivables	89,064	103,929	175,793	160,969
Trade and other receivables, net	671,732	635,439	182,268	169,472

The balances of trade accounts receivable - hotel operations as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Age of receivables</u>				
Not yet due	126,587	121,415	163	329
Past due				
Up to 30 days	68,472	75,418	312	486
31 - 60 days	11,368	14,646	306	440
61 - 90 days	10,584	5,473	2,297	413
91 - 120 days	1,898	7,691	310	4,504
Over 120 days	72,011	78,208	4,646	-
Total	290,920	302,851	8,034	6,172
Less: Allowance for doubtful debts	(52,436)	(37,578)	(1,559)	(1,429)
Trade accounts receivable - hotel operations, net	238,484	265,273	6,475	4,743

The balances of trade accounts receivable - sales of property as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Age of receivables</u></b>				
Not yet due	222,918	210,723	-	3,760
Past due				
Up to 30 days	7,460	12,148	-	-
31 - 60 days	4,503	8,298	-	-
61 - 90 days	2,738	4,564	-	-
91 - 120 days	1,900	1,339	-	-
Over 120 days	5,699	5,126	-	-
Trade accounts receivable - sales of property, net	<u>245,218</u>	<u>242,198</u>	<u>-</u>	<u>3,760</u>

The balances of installments due of trade accounts receivable - holiday club memberships as at 31 December 2016 and 2015, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Age of receivables</u></b>				
Not yet due	17,900	-	-	-
Past due				
Up to 30 days	18,415	2,915	-	-
31 - 60 days	4,972	780	-	-
61 - 90 days	5,883	550	-	-
91 - 120 days	6,923	300	-	-
Over 120 days	39,392	5,778	-	-
Trade accounts receivable - sales of holiday club membership - installment due, net	<u>93,485</u>	<u>10,323</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		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Estate service expenses	-	-	-	1	(17) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	3	5	(3) agreed basis
Interest income	-	-	73	61	(5) agreement
Interest expenses	-	-	49	14	(5) agreement
Management fee income	-	-	56	34	(4), (7) agreement
Reimbursement receipts	-	-	4	19	(11) agreed basis
Reimbursement payments	-	-	10	11	(11) agreed basis
Rental and service income	-	-	6	10	(12)(i), (iii) agreement
Rental and service expenses	-	-	6	6	(12)(iv), (v) agreement
Resort service expenses	-	-	7	8	(14) agreed basis
<u>Transactions with associates</u>					
Inter resort receipts	3	3	-	-	(1) agreed basis
Reimbursement payments	1	3	-	-	(11) agreed basis
Rental and service expenses	1	1	-	-	(12)(i) agreement
Sale of goods	-	4	-	-	(9) agreed basis
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	85	78	-	-	(1) agreed basis
Management fee income	2	1	1	1	(4), (16), (18) agreement
Management fee expenses	263	264	-	3	(6), (15) agreement
Purchase of spa and gallery vouchers	8	8	3	2	(2), (8) agreed basis
Sale of gallery vouchers	-	1	-	-	(2), (8) agreed basis
Sale of goods	18	40	-	-	(9) agreed basis
Reimbursement receipts	77	71	6	3	(11) agreed basis
Reimbursement payments	47	86	7	11	(11) agreed basis
Rental and service income	46	34	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	-	1	-	-	(12)(viii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	7	8	-	-	(14) agreed basis
Spa service expenses	-	1	-	-	(2) agreed basis
Training charges	10	11	-	-	(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) and Angsana Villas Resort Phuket (Laguna Village 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 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. Cassia Phuket and Angsana Villas Resort Phuket pay a hotel management fee of 7.5% 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 and/or Cassia 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. The rate has been reduced to 2% of total actual hotel revenue since 1 July 2016.
  - 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, Angsana Villas Resort 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)	2 years	December 2017

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 3 per square feet.
- (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 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.



(17) 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.

(18) This relates to management fee charge to related companies for providing operational, visual and product training services. The fee are annual fee at SGD according to each agreement plus 15% of gross operating profit.

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)	
	2016	2015
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)	
	2016	2015
Short-term loan facilities	150	170
Long-term loan facilities	900	900
Overdrafts and bank guarantee facilities	20	30

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Amounts due from related parties</b>				
Subsidiaries	-	-	156,971	143,553
Associated companies	4,140	3,001	-	-
Related companies (related by common shareholders)	35,315	42,929	1,611	571
Total amounts due from related parties (Note 8)	<u>39,455</u>	<u>45,930</u>	<u>158,582</u>	<u>144,124</u>
<b>Amounts due to related parties</b>				
Subsidiaries	-	-	12,138	5,700
Associated companies	376	302	-	-
Related companies (related by common shareholders)	105,207	162,292	2,891	5,060
Total amounts due to related parties (Note 21)	<u>105,583</u>	<u>162,594</u>	<u>15,029</u>	<u>10,760</u>

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

As at 31 December 2016 and 2015, 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			31 December 2016
	1 January 2016	Addition	Repayment	
Laguna Banyan Tree Limited	640,100	313,000	(294,000)	659,100
Laguna Holiday Club Limited	-	29,600	(28,600)	1,000
Laguna Lakes Limited	377,301	2,000	(55,000)	324,301
Laguna Grande Limited	125,400	327,200	(321,000)	131,600
<b>Total</b>	<b>1,142,801</b>	<b>671,800</b>	<b>(698,600)</b>	<b>1,116,001</b>

### Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			31 December 2016
	1 January 2016	Addition	Repayment	
Laguna Holiday Club Limited	400	16,000	(16,400)	-
Laguna (3) Limited	6,700	18,800	(1,500)	24,000
TWR-Holdings Limited	641,180	527,000	(445,500)	722,680
<b>Total</b>	<b>648,280</b>	<b>561,800</b>	<b>(463,400)</b>	<b>746,680</b>

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term employee benefits	100,435	106,832	63,402	57,344
Post-employment benefits	2,506	2,543	1,440	1,398
Other long-term employee benefits	44	95	28	13
<b>Total</b>	<b>102,985</b>	<b>109,470</b>	<b>64,870</b>	<b>58,755</b>

### 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	
	2016	2015	2016	2015	2016	2015
Food and beverage	26,757	25,616	-	-	26,757	25,616
Finished goods and supplies	88,457	104,117	(276)	(248)	88,181	103,869
Total	115,214	129,733	(276)	(248)	114,938	129,485

## 11. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Property for sale under holiday club memberships	414,537	418,914	-	-
Completed buildings	461,796	702,359	-	64,749
Land	1,699,661	1,753,237	111,429	111,958
Leasehold land	-	3,000	-	-
Property under construction	963,961	909,632	8,795	8,795
Total	3,539,955	3,787,142	120,224	185,502

Subsidiaries have mortgaged property development cost amounting to Baht 1,029 million (2015: Baht 1,300 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 13 million were capitalised for the year ended 31 December 2016 (2015: Baht 12 million). The weighted average rate of 4.88% (2015: 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	
	2016	2015	2016	2015
Value added tax	46,449	47,158	625	801
Prepaid expenses and withholding tax deducted at source	49,298	65,416	4,903	6,286
Advances to suppliers and staff	35,784	54,011	9,534	1,307
Income tax and VAT refundable	25,289	34,206	5,576	17,512
<b>Total</b>	<b>156,820</b>	<b>200,791</b>	<b>20,638</b>	<b>25,906</b>

## 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 2 to 10 years.

13.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 8.0% - 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	
	2016	2015
Current portion of long-term trade accounts receivable	209,616	174,838
Long-term trade accounts receivable	393,401	457,995
<b>Total</b>	<b>603,017</b>	<b>632,833</b>
Sales of property		
Within 1 year (Note 8)	204,135	161,122
Over 1 year to 5 years	389,862	454,644
Over 5 years	588	1,169
Long-term trade accounts receivable - sales of property	594,585	616,935
Sales of holiday club memberships		
Within 1 year (Note 8)	5,481	13,716
Over 1 year to 5 years	2,951	2,182
Long-term trade accounts receivable - sales of holiday club memberships	8,432	15,898
<b>Total</b>	<b>603,017</b>	<b>632,833</b>

## 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	
	2016	2015	2016	2015	2016	2015
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<b><u>Subsidiaries held by the Company</u></b>						
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43 Million	SGD 0.43 Million	51.0	51.0	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0
Laguna Banyan Tree Limited <sup>(1)</sup>	1,500.0	1,500.0	100.0	100.0	1,325.1	1,325.1
Laguna Holiday Club Limited	330.0	330.0	100.0	100.0	330.0	330.0
Laguna Grande Limited	1,000.0	1,000.0	100.0	100.0	984.8	984.8
Laguna Lakes Limited	1.0	1.0	95.0	95.0	0.9	0.9
Laguna Service Company Limited <sup>(2)</sup>	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	1,550.0	100.0	100.0	1,550.0	1,550.0
<b><u>Subsidiaries held through TWR - Holdings Limited</u></b>						
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 Smart 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 Million	USD 0.9 Million	100.0	100.0	-	-
Talang Development Company Limited	251.0	251.0	50.0	50.0	-	-
Thai Wah Plaza Limited	2,250.0	2,250.0	100.0	100.0	-	-
Thai Wah Tower Company Limited	455.0	455.0	100.0	100.0	-	-
Thai Wah Tower (2) Company Limited	21.0	21.0	100.0	100.0	-	-
Twin Waters Development Company Limited	214.4	214.4	100.0	100.0	-	-
<b><u>Subsidiaries held through Laguna Grande Limited</u></b>						
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	-	-
<b><u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte Limited</u></b>						
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousands	USD 75 Thousands	51.0	51.0	-	-
<b><u>Subsidiary held through Laguna Holiday Club Limited</u></b>						
Cheer Golden Limited	-	-	100.0	100.0	-	-
<b>Total investments in subsidiaries</b>					<b>4,269.0</b>	<b>4,269.0</b>

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

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2016	2015
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	<u>407,904</u>	<u>407,904</u>

Goodwill acquired through business combination was related to Thai Wah Plaza Limited and Laguna Banyan Tree Limited. Each entity has been identified as the single cash-generating unit (“CGU”) for impairment testing.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value in use calculations are as below:

	Thai Wah Plaza Limited		Laguna Banyan Tree Limited	
	2016	2015	2016	2015
Growth rate (% per annum)	3.63	3.27	4.93	3.89
Discount rate (% per annum)	7.14	8.93	7.49	8.70

Management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate represents the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets.

With regards to the assessment of value in use, management believes that goodwill is not impaired.

## 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	
			2016	2015	2016	2015	2016	2015
			(%)	(%)				
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	305,334	383,087
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	-	777,454	-	777,454	-
Total investments in associates - net					1,125,868	348,414	1,082,788	383,087

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2016	2015	2016	2015
			(%)	(%)		
Thai Wah Public Company Limited	Manufacture and distribution of vermicelli, tapioca starch and other food products	Thailand	10.03	-	777,454	-
Total					777,454	-

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.

On 10 August 2016, the Company's Board of Directors' meeting approved the additional acquisition of shares of Thai Wah Public Company Limited ("TWPC") from the Stock Exchange of Thailand.

During the current year, the Company additionally acquired 11 million ordinary shares of TWPC, equivalent to 1.25% of its register capital, with the purchase price of Baht 97 million. As a result, the Company holds totaling 10.03% shareholding in that company. In addition, TWPC's Board of Directors' meeting approved the appointment of the Company's key management as TWPC's director which will be effective on 25 December 2016. The management has assessed that the Company has significant influence over TWPC, therefore, the Company has changed the status of investment in TWPC from other long-term investment to investment in associate. The Company reversed unrealised gain on available-for-sale investment previously recognised in other comprehensive income through the consolidated statements of income amounting to Baht 346 million (Separate financial statements: Baht 649 million), under the caption "Gain on fair value adjustment of investment from changing status of investment", due to transfer of investment from other long-term investments to investments in associate.

At present, the Company is in the process of assessing the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment process is ongoing and mainly relates to the identification and valuation of intangible assets and certain tangible assets. The assessment shall be completed within measurement period of twelve months from the acquisition date pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2015). During the measurement period, the Company shall retrospectively adjust provisional amounts recognised at the acquisition date and adjust earnings to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

## 15.2 Share of comprehensive income (loss)

During the years, the subsidiary has recognised their share of comprehensive income (loss) from investment in associate companies 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	
	2016	2015	2016	2015
Lijiang Banyan Tree Hotel Co., Ltd.	(49,605)	(45,041)	(28,148)	18,663
Thai Wah Public Company Limited	-	-	-	-
Total	(49,605)	(45,041)	(28,148)	18,663



### 15.3 Fair value investments in a listed associate

In respect of investment in an associated company that is a listed company on the Stock Exchange of Thailand, its fair value is as follows:

Associate	(Unit: Million Baht)	
	Fair values as at 31 December	
	2016	2015
Thai Wah Public Company Limited	826	-

### 15.4 Summarised financial information of material associates

#### Summarised information about financial position

	(Unit: Million Baht)			
	Lijiang Banyan Tree Hotel Co., Ltd.		Thai Wah Public Company Limited	
	2016	2015	2016	2015
Current assets	205	260	2,797	-
Non-current assets	1,371	1,518	3,606	-
Current liabilities	(796)	(712)	(750)	-
Non-current liabilities	(158)	(284)	(308)	-
Net assets	622	782	5,345	-
Shareholding percentage (%)	49	49	10	-
Share of net assets	305	383	535	-
Excess of investment cost over net asset value	-	-	242	-
Carrying amounts of associates based an equity method	305	383	777	-

#### Summarised information about comprehensive income

	(Unit: Million Baht)			
	Lijiang Banyan Tree Hotel Co., Ltd.		Thai Wah Public Company Limited	
	2016	2015	2016	2015
Revenue	283	323	6,306	-
Profit (loss)	(101)	(92)	746	-
Other comprehensive income (loss)	(57)	38	3	-
Total comprehensive income (loss)	(158)	(54)	749	-

### 15.5 Summarised financial information of other associate

	(Unit: Million Baht)	
	For the year ended 31 December	
	Tropical Resorts Ltd.	
	2016	2015
Loss	(157)	(148)
Other comprehensive income (loss)	6	(310)
Total comprehensive income (loss)	(151)	(458)

## 15.6 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.

Company's name	(Unit: Million Baht)			
	Unrecognised share of losses			
	Share of losses during the years		Cumulative share of losses up to 31 December	
	2016	2015	2016	2015
Tropical Resorts Ltd.	(41)	(38)	(229)	(190)

## 16. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Investment in available-for-sale security</b>				
Thai Wah Public Company Limited	-	334,627	-	31,161
Unrealised gain on available-for-sale security	-	191,197	-	494,663
<b>Total investment in available-for-sale security - net</b>	-	525,824	-	525,824
<b>Investments in other companies</b>				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,940	417,940	-	-
<b>Total investments in other companies</b>	606,365	606,365	-	-
<b>Total other long-term investments - net</b>	606,365	1,132,189	-	525,824

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").

On 25 December 2016, the Company has changed the status of investment in TWPC to investment in associate as described in Note 15.

## 17. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements							
	2016				2015			
	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	Construction in progress	Total
Balance at beginning of year	376,896	733,871	9,994	1,120,761	376,896	735,380	-	1,112,276
Addition	-	-	9,862	9,862	-	1,524	9,994	11,518
Transfer	-	10,426	(10,426)	-	-	-	-	-
Net gain (loss) from a fair value adjustment	57,885	(38,997)	-	18,888	-	(3,033)	-	(3,033)
Balance at end of year	434,781	705,300	9,430	1,149,511	376,896	733,871	9,994	1,120,761

(Unit: Thousand Baht)

	Separate financial statements							
	2016				2015			
	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	Construction in progress	Total
Balance at beginning of year	141,745	47,050	9,415	198,210	141,745	39,480	-	181,225
Addition	-	-	15	15	-	-	9,415	9,415
Net gain (loss) from a fair value adjustment	17,633	(29,820)	-	(12,187)	-	7,570	-	7,570
Balance at end of year	159,378	17,230	9,430	186,038	141,745	47,050	9,415	198,210

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 660	660	Increase in fair value
Price per rai (Thousand Baht)	85 - 11,500	147 - 7,637	Increase in fair value

As at 31 December 2016, the subsidiaries have pledged investment properties amounting to approximately Baht 663 million (2015: Baht 653 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
<b>At cost</b>										
As at 1 January 2015	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
Additions	-	9,564	-	29,209	39,146	34,617	748	4,139	184,560	301,983
Disposals and write off	-	930	(71)	(569)	(5,631)	(4,538)	-	(2,005)	-	(11,884)
Transfers in/out	-	264,940	27,242	63,936	90,541	24,331	18	527	(471,535)	-
Transfer to property development cost	(134)	(26,141)	-	(3,991)	(9,527)	-	-	-	-	(39,793)
Adjustments	-	(1,014)	-	-	391	(135)	-	68	237	(453)
As at 31 December 2016	1,511,985	5,095,244	434,558	1,634,105	1,083,190	491,626	59,285	182,859	51,891	10,544,743
<b>Accumulated depreciation</b>										
As at 1 January 2015	(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)
Depreciation charged for the year	-	(125,457)	(13,889)	(80,528)	(60,631)	(45,712)	(5,045)	(9,341)	-	(340,603)
Disposals and write-off	-	(1,850)	3	568	5,470	3,914	-	2,005	-	10,110
Transfer to property development cost	-	6,854	-	3,185	4,351	-	-	-	-	14,390
Adjustments	-	60	-	(1)	(34)	153	-	(58)	-	120
As at 31 December 2016	(571)	(1,523,215)	(319,532)	(1,088,726)	(910,365)	(342,819)	(41,434)	(164,286)	-	(4,390,948)

## 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
<b>Allowance for impairment loss</b>										
As at 1 January 2015	-	(11,321)	-	-	-	-	(1,298)	-	-	(12,619)
Reversal	-	284	-	-	-	-	649	-	-	933
As at 31 December 2015	-	(11,037)	-	-	-	-	(649)	-	-	(11,686)
Reversal	-	5,673	-	-	-	-	-	-	-	5,673
Adjustments	-	271	-	-	-	-	649	-	-	920
As at 31 December 2016	-	(5,093)	-	-	-	-	-	-	-	(5,093)
<b>Net book value - At cost</b>										
As at 1 January 2015	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
As at 31 December 2016	1,511,414	3,566,936	115,026	545,379	172,825	148,807	17,851	18,573	51,891	6,148,702

## 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
<b>Revaluation portion</b>										
As at 1 January 2015	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
Addition	1,095,066	47,153	-	-	-	-	-	-	-	1,142,219
Transfer to property development cost	(5,342)	(648)	-	-	-	-	-	-	-	(5,990)
As at 31 December 2016	5,529,355	104,733	-	-	-	-	-	-	-	5,634,088
<b>Accumulated depreciation</b>										
As at 1 January 2015	-	(17,430)	-	-	-	-	-	-	-	(17,430)
Depreciation of revaluation surplus on assets	-	(1,217)	-	-	-	-	-	-	-	(1,217)
As at 31 December 2015	-	(18,647)	-	-	-	-	-	-	-	(18,647)
Depreciation of revaluation surplus on assets	-	(1,108)	-	-	-	-	-	-	-	(1,108)
Addition	-	(21,005)	-	-	-	-	-	-	-	(21,005)
Transfer to property development cost	-	194	-	-	-	-	-	-	-	194
As at 31 December 2016	-	(40,566)	-	-	-	-	-	-	-	(40,566)
<b>Net book value - revaluation portion</b>										
As at 1 January 2015	4,431,383	40,798	-	-	-	-	-	-	-	4,472,181
As at 31 December 2015	4,439,631	39,581	-	-	-	-	-	-	-	4,479,212
As at 31 December 2016	5,529,355	64,167	-	-	-	-	-	-	-	5,593,522
<b>Property, plant and equipment - net</b>										
As at 1 January 2015	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
As at 31 December 2016	7,040,769	3,631,103	115,026	545,379	172,825	148,807	17,851	18,573	51,891	11,742,224
<b>Depreciation for the year</b>										
2015										313,576
2016										340,791

## 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
<b>At cost</b>									
As at 1 January 2015	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
Additions	-	-	-	322	4,049	-	848	-	5,219
Disposal and write off	-	-	-	(162)	(43)	-	-	-	(205)
As at 31 December 2016	189	57,302	16,108	12,820	28,029	1,420	8,558	-	124,426
<b>Accumulated depreciation</b>									
As at 1 January 2015	-	(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)
Depreciation charged for the year	-	(1,816)	(1,074)	(514)	(1,981)	(39)	(165)	-	(5,589)
Disposal and write off	-	-	-	157	43	-	-	-	200
As at 31 December 2016	-	(31,344)	(4,373)	(11,354)	(23,328)	(1,364)	(7,658)	-	(79,421)
<b>Net book value - At cost</b>									
As at 1 January 2015	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
As at 31 December 2016	189	25,958	11,735	1,466	4,701	56	900	-	45,005

## 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
<b>Revaluation portion</b>									
As at 1 January 2015	1,586	3,657	-	-	-	-	-	-	5,243
As at 31 December 2015	1,586	3,657	-	-	-	-	-	-	5,243
Additions	2,218	10,435	-	-	-	-	-	-	12,653
As at 31 December 2016	3,804	14,092	-	-	-	-	-	-	17,896
<b>Accumulated depreciation</b>									
As at 1 January 2015	-	(1,638)	-	-	-	-	-	-	(1,638)
Depreciation of revaluation surplus on assets	-	(54)	-	-	-	-	-	-	(54)
As at 31 December 2015	-	(1,692)	-	-	-	-	-	-	(1,692)
Depreciation of revaluation surplus on assets	-	(50)	-	-	-	-	-	-	(50)
Additions	-	(5,487)	-	-	-	-	-	-	(5,487)
As at 31 December 2016	-	(7,229)	-	-	-	-	-	-	(7,229)
<b>Net book value - revaluation portion</b>									
As at 1 January 2015	1,586	2,019	-	-	-	-	-	-	3,605
As at 31 December 2015	1,586	1,965	-	-	-	-	-	-	3,551
As at 31 December 2016	3,804	6,863	-	-	-	-	-	-	10,667
<b>Property, plant and equipment – net</b>									
As at 1 January 2015	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
As at 31 December 2016	3,993	32,821	11,735	1,466	4,701	56	900	-	55,672
<b>Depreciation for the year</b>									
2015									4,560
2016									5,639



The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 14 October 2016 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 or 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
Building - Price per square metre (Baht)	1,000 - 67,000	1,000 - 15,000	Increase in fair value
Discount rate (%)	13%	-	Decrease in fair value
Average room rate per night (Baht)	15,452	-	Increase in fair value
Land - Price per rai (Million Baht)	1.5 - 380	18	Increase in fair value

As at 31 December 2016, 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 1,774 million (2015: Baht 1,872 million) (Separate financial statements: Baht 38 million, 2015: Baht 37 million).

The subsidiaries have mortgaged land and buildings at fair value of Baht 7,824 million (2015: Baht 5,523 million) as collateral against credit facilities received from financial institutions.

## 19. Leasehold rights

	(Unit: Thousand Baht)
	<u>Hotel units</u>
<b>Cost</b>	
As at 1 January 2016	51,838
Exchange rate adjustment	(1,471)
As at 31 December 2016	<u>50,367</u>
<b>Accumulated amortisation</b>	
As at 1 January 2016	(34,559)
Amortisation for the year	(2,662)
Exchange rate adjustment	1,060
As at 31 December 2016	<u>(36,161)</u>
<b>Net book value</b>	
As at 1 January 2016	<u>17,279</u>
As at 31 December 2016	<u>14,206</u>

(Unit: Thousand Baht)

	<u>Hotel units</u>
<b>Cost</b>	
As at 1 January 2015	49,124
Exchange rate adjustment	2,714
As at 31 December 2015	<u>51,838</u>
<b>Accumulated amortisation</b>	
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>
<b>Net book value</b>	
As at 1 January 2015	<u>19,449</u>
As at 31 December 2015	<u>17,279</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	
		2016	2015	2016	2015
Bank overdraft and short-term loans from financial institutions	3.63 - 5.00 (2015: 3.65 - 7.37)	<u>515,000</u>	<u>554,804</u>	<u>265,000</u>	<u>260,000</u>
Total		<u>515,000</u>	<u>554,804</u>	<u>265,000</u>	<u>260,000</u>

These bank overdraft and short-term loans from financial institutions are secured by the mortgage of plots of land and buildings of 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	
	2016	2015	2016	2015
Trade accounts payable	316,377	412,166	927	5,703
Amounts due to related parties (Note 9)	105,583	162,594	15,029	10,760
Accrued expenses	164,454	152,078	10,686	10,924
Other payables	100,181	130,671	114	1,876
Service charge payable to hotel staff	36,128	32,150	-	-
Accrued rental to villa owners	97,119	69,594	7,529	5,630
<b>Total</b>	<b>819,842</b>	<b>959,253</b>	<b>34,285</b>	<b>34,893</b>

## 22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Value added tax payable	56,478	52,821	4,086	2,854
Unearned income	39,709	43,006	-	-
Other tax payable	57,248	40,888	4,686	1,488
Short-term provision	10,205	3,768	1,050	150
<b>Total</b>	<b>163,640</b>	<b>140,483</b>	<b>9,822</b>	<b>4,492</b>

## 23. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Secured	3,047,821	3,289,139	-	35,000
Long-term loans are repayable as follows:				
Within 1 year	590,860	469,750	-	35,000
Over 1 year to 5 years	2,125,182	1,965,860	-	-
Over 5 years	331,779	853,529	-	-
	2,456,961	2,819,389	-	-
<b>Total</b>	<b>3,047,821</b>	<b>3,289,139</b>	<b>-</b>	<b>35,000</b>

## Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>The Company</u></b>				
(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	-	35,000
<b><u>Subsidiaries</u></b>				
(2) Baht loan from a bank, with a facility of Baht 1,000 million <sup>(a)</sup> 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% per annum	741,050	813,050	-	-
(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	-	-
(4) 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	480,000	560,000	-	-
(5) Baht loan from a bank, with a facility of Baht 298 million <sup>(a)</sup> repayable quarterly from June 2014 to March 2022, at an interest rate as follows: 2012 onwards: MLR less 1% and 1.25% per annum	178,729	194,729	-	-
(6) 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	63,610	193,610	-	-
(7) 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	175,000	-	-
(8) 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	96,000	100,000	-	-
(9) Baht loan from a bank, with a facility of Baht 600 million <sup>(a)</sup> repayable quarterly from April 2017 to October 2021, at an interest rate as follows: 2015 onwards: MLR less 0.75% and 1.25% per annum	503,916	548,000	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Subsidiaries (cont.)</b>				
(10) Baht loan from a bank, with a facility of Baht 900 million <sup>(a)</sup> repayable quarterly from April 2018 to August 2022, at an interest rate as follows: 2015 onwards: MLR less 0.75%, 1.25% and 1.5% per annum	606,199	607,250	-	-
(11) Baht loan from a bank, with a facility of Baht 450 million <sup>(a)</sup> repayable quarterly from August 2017 to May 2023, at an interest rate as follows: 2016 onwards: MLR less 1.0%, 1.25% and 1.5% per annum	203,317	-	-	-
Total long-term loans from financial institutions	<u>3,047,821</u>	<u>3,289,139</u>	<u>-</u>	<u>35,000</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 loan in (10) above is guaranteed by a subsidiary.

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 2016, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 472 million (2015: Baht 771 million).

## 24. Unsecured debenture

				(Unit: Thousand Baht)	
				Consolidated financial statements	
Debenture	Interest rate	Terms	Due date	2016	2015
Debenture No. 1/2016	5.15% p.a.	3 years	24 December 2018	500,000	500,000
Total debenture, at face value				500,000	500,000
Less: Unamortised portion of deferred transaction costs				(4,087)	(6,154)
Total debenture				<u>495,913</u>	<u>493,846</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					
	2016			2015		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
<b>Balance at beginning of year</b>	33,950	29,656	63,606	24,705	27,917	52,622
Current service cost	2,088	2,173	4,261	3,103	2,937	6,040
Interest cost	483	621	1,104	1,081	983	2,064
Benefits paid during the year	(3,150)	(6,210)	(9,360)	(4,920)	(4,715)	(9,635)
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
<b>Balance at end of year</b>	<b>33,371</b>	<b>26,240</b>	<b>59,611</b>	<b>33,950</b>	<b>29,656</b>	<b>63,606</b>

(Unit: Thousand Baht)

	Separate financial statements					
	2016			2015		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
<b>Balance at beginning of year</b>	13,056	2,297	15,353	7,088	2,934	10,022
Current service cost	166	111	277	414	187	601
Interest cost	79	48	127	261	98	359
Benefits paid during the year	(134)	(838)	(972)	(1,142)	(741)	(1,883)
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 from a subsidiary	31	90	121	-	-	-
<b>Balance at end of year</b>	<b>13,198</b>	<b>1,708</b>	<b>14,906</b>	<b>13,056</b>	<b>2,297</b>	<b>15,353</b>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current service cost	4,261	6,040	277	601
Interest cost	1,104	2,064	127	359
Transfer from a subsidiary	-	-	121	-
Actuarial (gain) loss of other long-term benefits recognised during the year	-	2,534	-	(181)
<b>Total expenses recognised in profit or loss</b>	<b>5,365</b>	<b>10,638</b>	<b>525</b>	<b>779</b>
Line items in profit or loss under which such expenses are included				
Cost of sales	4,963	9,863	12	(39)
Selling and administrative expenses	402	775	513	818

As at 31 December 2016, 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 (2015: Baht 19 million) (Separate financial statements: Baht 1 million and 2015: Baht 1 million).

The Company and its subsidiaries expect to pay Baht 7 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2015: Baht 23 million, separate financial statements: Baht 11 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (Separate financial statements: 10 years) (2015: 10 years, separate financial statements: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Discount rate (% per annum)	2.75	2.75	2.75	2.75
Salary increase rate (% per annum)	3.00	3.00	3.00	3.00
Gold price (Baht)	19,000	19,000	19,000	19,000

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(108)	114	(7)	8
Salary increase rate (+/-1.00%)	194	(174)	14	(13)
Gold Price (+/- 1,000 Baht)	44	(44)	6	(6)

## 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	
	2016	2015	2016	2015
Balance - beginning of year	3,921,718	3,935,218	136,986	136,986
Addition of revaluation surplus on assets	889,284	-	5,733	-
Reversal of revaluation surplus on disposal of assets	(9,381)	(13,500)	-	-
Balance - end of year	<u>4,801,621</u>	<u>3,921,718</u>	<u>142,719</u>	<u>136,986</u>

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	
	2016	2015	2016	2015
Interest income	41,726	21,151	74,107	61,235
Dividend income	27,838	25,551	27,838	25,551
Insurance claim	-	39,372	-	-
Gain on fair value adjustment of investment				
from changing status of investment (Note 15)	345,660	-	649,126	-
Gain on change in fair value				
of investment properties	18,887	-	-	7,570
Management fee income	1,236	-	56,900	36,558
Other	26,034	28,632	1,239	1,514
<b>Total</b>	<b>461,381</b>	<b>114,706</b>	<b>809,210</b>	<b>132,428</b>

## 30. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2016	2015	2016	2015
Salaries, wages and other employee benefits	1,149,206	1,062,172	118,028	129,633
Depreciation	340,791	313,576	5,639	4,560
Rental expenses from operating lease agreements	245,696	208,176	35,379	29,856
Repairs and maintenance	180,656	204,919	2,437	2,978
Water and electricity	206,826	204,612	5,349	5,624
Management, incentive fee and royalty fees	171,335	148,366	-	-
Commission	145,677	127,735	-	-
Sales and marketing expenses	239,562	232,597	2,427	1,120
Food and beverage cost	356,991	311,848	-	-
Increase in land and construction during the year	595,649	1,402,902	-	17
Change in property development cost	247,187	101,567	65,278	7,765

### 31. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	101,651	93,681	-	-
Adjustment in respect of income tax of previous year	(1,654)	3,610	-	-
Write off prepaid withholding tax	-	7,857	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	33,894	34,262	(3,285)	(11,984)
<b>Income tax expense reported in the income statement</b>	<b>133,891</b>	<b>139,410</b>	<b>(3,285)</b>	<b>(11,984)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
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	38,239	(24,680)	98,933	(24,680)
Deferred tax relating to revaluation surplus on assets	(224,243)	-	(1,433)	-
	<b>(186,004)</b>	<b>(22,684)</b>	<b>97,500</b>	<b>(23,393)</b>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit (loss) before income tax	511,680	315,843	648,859	(34,258)
Applicable tax rate	0%-30%	0%-25%	20%	20%
Accounting profit before tax multiplied by income tax rate	97,055	61,273	129,772	(6,852)
Adjustment in respect of income tax of previous year	(1,654)	11,467	-	-
Effects of:				
Gain on fair value adjustment of investment from changing status of investment	(69,132)	-	(129,825)	-
Dividend income	(5,568)	(5,110)	(5,568)	(5,110)
Unused tax losses	77,970	18,353	2,400	-
Non-taxable expenses	35,220	53,427	(64)	(22)
Total	38,490	66,670	(133,057)	(5,132)
<b>Income tax expense reported in the income statement</b>	<b>133,891</b>	<b>139,410</b>	<b>(3,285)</b>	<b>(11,984)</b>

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

	(Unit: Thousand Baht)	
	Statements of financial position	
	Consolidated financial statements	
	2016	2015
<b>Deferred tax assets (liabilities)</b>		
Unutilised tax losses	175,845	209,450
Provision for long-term employee benefits	11,922	12,721
Intercompany charges to property development cost and property, plant and equipment	15,939	18,486
Other items of deferred tax assets	13,274	4,953

(Unit: Thousand Baht)

	Statements of financial position	
	Consolidated financial statements	
	2016	2015
Revaluation surplus on assets	(1,588,137)	(1,367,289)
Temporary differences arising from revenue and cost recognition	(740,374)	(736,361)
Gain on change in fair value of investment properties	(161,465)	(156,517)
Unrealised gain on available-for-sales security	-	(38,239)
<b>Net deferred tax liabilities</b>	<b>(2,272,996)</b>	<b>(2,052,796)</b>

Reflected in the statements of financial position as follows:

Deferred tax assets	83,964	113,539
Deferred tax liabilities	(2,356,960)	(2,166,335)
<b>Deferred tax liabilities, net</b>	<b>(2,272,996)</b>	<b>(2,052,796)</b>

(Unit: Thousand Baht)

	Statements of financial position	
	Separate financial statements	
	2016	2015
<b>Deferred tax assets (liabilities)</b>		
Unutilised tax losses	27,204	27,193
Provision for long-term employee benefits	2,981	3,071
Other items of deferred tax assets	1,257	575
Revaluation surplus on assets	(22,145)	(20,722)
Temporary differences arising from revenue recognition	(92,224)	(92,626)
Gain on change in fair value of investment properties	(24,544)	(26,813)
Unrealised gain on available-for-sales security	-	(98,933)
<b>Net deferred tax liabilities</b>	<b>(107,471)</b>	<b>(208,255)</b>

As at 31 December 2016, the Company and its subsidiaries have unused tax losses totaling Baht 369 million (2015: Baht 190 million), on which deferred tax assets have not been recognised on these amounts as the Company and its 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	
	2016	2015	2016	2015
31 December 2016	-	27,090	-	-
31 December 2017	22,673	22,673	-	-
31 December 2018	34,340	34,079	-	-
31 December 2019	48,627	48,627	-	-
31 December 2020	60,132	57,579	-	-
31 December 2021	203,549	-	11,552	-
	<u>369,321</u>	<u>190,048</u>	<u>11,552</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	
	2016	2015	2016	2015
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	380,252	175,262	652,144	(22,274)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	2.28	1.05	3.91	(0.13)

### 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 recognised as expenses as following details:

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Hotel staff	Office staff	2016	2015
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	3.0	2.7
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.0	1.1
Bangtao Grande Limited	SCB Asset Management Company Limited	-	3.6	3.6
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.8	6.1
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.7	0.8
Banyan Tree Gallery (Singapore) Pte Ltd.	-	Central Provident Fund Board	1.5	0.6
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.1	2.2
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	0.8	1.1
Thai Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	3.5	3.6
Laguna Village Limited	MFC Asset Management Plc.	-	0.9	0.9
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	1.0

### 34. Dividends

Dividends declared in 2016 and 2015 consisted of:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividend	Board of Directors' Meeting on 10 August 2016	20.00	0.12
Dividends on 2015 retained earnings	Annual General Meeting of the shareholders on 26 April 2016	60.01	0.36
		<u>80.01</u>	
Dividends on 2014 retained earnings	Annual General Meeting of the shareholders on 27 April 2015	20.84	0.125

## 35. Commitments

### Capital commitment

As at 31 December 2016, the Company and its subsidiaries have capital commitments as follows:

- (a) The subsidiaries have commitments in respect of constructing new and renovating existing hotel properties and office rental amounting to Baht 13 million (2015: Baht 10 million).
- (b) The subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 439 million (2015: Baht 262 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 2016 and 2015, 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 (a)	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.1.2016 - 31.12.2025 (a)	- Technical fee: 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 - 31.12.2021 (b)	- Royalty fee: 3% of total revenue

Company	Business unit	Operator	Contract period	Fees
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 - 31.12.2021 <b>(b)</b>	- Management fee: 10% of gross operating profit
Laguna Village Limited	Angsana Villas Resort Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.8.2016 - 31.7.2041 <b>(c)</b>	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.8.2016 - 31.7.2041 <b>(c)</b>	- Management fee: 7.5% of gross operating profit
Phuket Resort Development Limited	Cassia Phuket	Banyan Tree Hotels & Resorts Pte. Limited	20.10.2015 - 19.10.2040 <b>(c)</b>	- Royalty fee: 2% of total revenue
		Banyan Tree Hotels & Resorts (Thailand) Limited	20.10.2015 - 19.10.2040 <b>(c)</b>	- 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) 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 cash rewards options are included fixed return or variable return based on actual hotel revenue or hotel profit. The terms of the agreements are generally 3 years.

As at 31 December 2016 and 2015, future minimum payments required under these agreements were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2016	2015	2016	2015
Payable within:				
In up to 1 year	31	45	6	3
In over 1 and up to 5 years	40	71	18	6

During the year 2016, the Company and its subsidiaries recognised rental expenses of Baht 44 million (2015: Baht 88 million) (Separate financial statements: Baht 7 million and 2015: Baht 8 million).

#### Servitude over land

As at 31 December 2016, some subsidiaries have land servitudes of approximately 10 rai (2015: 10 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

### **36. Guarantees**

- a) As at 31 December 2016, there were bank guarantees amounting to Baht 50 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 (2015: Baht 47 million, Separate financial statements: Baht 2 million).



- b) As at 31 December 2016 and 2015, 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 2016 and 2015, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2016				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,681	1,320	104	-	5,105
Intersegment revenues	(198)	(14)	(13)	-	(225)
Revenue from to external customers	<u>3,483</u>	<u>1,306</u>	<u>91</u>	<u>-</u>	<u>4,880</u>
Results:					
Segment results	<u>160</u>	<u>281</u>	<u>22</u>	<u>(173)</u>	<u>290</u>
Unallocated income					420
Profit from operations and other income					710
Interest income	2	39	1	-	42
Finance cost	(113)	(69)	-	(8)	(190)
Share of loss from investment in associate	(48)	(2)	-	-	(50)
Profit before income tax expenses					512
Income tax expenses	(86)	(80)	(4)	36	(134)
Profit for the year					<u>378</u>

**Other segment information**

Depreciation of property, plant and equipment	323	10	3	5	341
Amortisation of leasehold rights	-	3	-	-	3
Gain on fair value adjustment of investment from changing status of investment	-	-	-	346	346

(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>	<u>412</u>
Unallocated income					94
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)	-	-	(45)
Profit before income tax expenses					316
Income tax expenses	(7)	(127)	(5)	(1)	(140)
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

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

(Unit: Million Baht)

	2016	2015
Revenue from external customers		
Thailand	4,821	5,478
Others	59	65
Total	<u>4,880</u>	<u>5,543</u>
Non-current assets other than financial instruments and deferred tax assets		
Thailand	13,326	12,253
Others	65	50
Total	<u>13,391</u>	<u>12,303</u>

For the years 2016 and 2015, 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 2016 and 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			
	31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment properties	-	-	1,150	1,150
Property, plant and equipment - land and building	-	-	10,672	10,672
<b>Liabilities for which fair value are disclosed</b>				
Unsecured debenture	-	465	-	465

(Unit: Million Baht)

Separate financial statements				
31 December 2016				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Investment properties	-	-	186	186
Property, plant and equipment - land and building	-	-	37	37

(Unit: Million Baht)

Consolidated financial statements				
31 December 2015				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Available-for-sale investments				
- equity instruments	526	-	-	526
Investment properties	-	-	1,121	1,121
Property, plant and equipment - land and building	-	-	9,424	9,424
<b>Liabilities for which fair value are disclosed</b>				
Unsecured debenture	-	444	-	444

(Unit: Million Baht)

Separate financial statements				
31 December 2015				
Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>				
Available-for-sale investments				
- equity instruments	526	-	-	526
Investment properties	-	-	198	198
Property, plant and equipment - land and building	-	-	32	32

## **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 2016						
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)	-	-	662	-	662	0.375 - 0.85
Current investments	13	-	-	-	13	1.40
Trade and other receivables	238	-	13	421	672	3 - 12
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term trade accounts receivable	-	371	22	-	393	3 - 12
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	819	819	-
Bank overdraft and short-term loans from financial institutions	-	-	515	-	515	3.60 - 5
Unsecured debenture	-	496	-	-	496	5.15
Long-term loans from financial institutions	-	-	3,048	-	3,048	4.48 - 5.28

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016						
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)	-	-	18	-	18	0.375
Trade and other receivables	-	-	-	182	182	-
Long-term fixed deposit	-	2	-	-	2	1.40
Long-term loans to subsidiaries	-	-	1,116	-	1,116	6.01
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	34	34	-
Long-term loans from subsidiaries	-	-	747	-	747	2.10 - 6.62
Bank overdraft and short-term loans from financial institution	-	-	265	-	265	3.65

(Unit: Million Baht)

## Consolidated 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)	-	-	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				Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing		
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	35	35	-
Long-term loans from subsidiaries	-	-	648	-	648	2.25 - 6.80
Bank overdraft and short-term loans from financial institution	-	-	260	-	260	3.65
Long-term loans from financial institutions	-	-	35	-	35	5.525

### 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.

	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			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Foreign currency										
US Dollar	2	3	-	1	-	-	-	-	35.7843	36.0417

### 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.

- c) 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.
- d) For short-term and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates 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	
	2016	2015	2016	2015
<u>Financial liabilities</u>				
Unsecured debenture	496	494	465	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 2016, the Group's debt-to-equity ratio was 0.63:1 (2015: 0.72:1) and the Company's was 0.21:1 (2015: 0.23:1).

#### 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.

On 19 April 2016, the Appeal Court has issued judgement ordering the defendants to transfer eight plots of land out of nine plots of land as awarded by the Court of First Instance totaling 4 rai 1 ngan 90.9 square wah to be common property of Allamanda 1 Condominium. The Appeal Court also ruled that the defendants did not unlawfully use the land, so the defendants do not have to compensate the plaintiffs. Moreover, the Appeal Court dismissed the plaint against the 5th to 14th defendants as directors. On 4 October 2016, the defendants submitted the request of submitting the appeal to the Supreme Court and the appeal statement. On 25 October 2016, the defendants also submitted the counter - statement to object the request of submitting the appeal of the plaintiffs.

As at 31 December 2016, subsidiaries have set aside a provision of Baht 40.6 million for liabilities arising as a result of this case (2015: Baht 40.1 million). This provision will be adjusted as per court order when the case is final.

#### 42. Event after reporting period

On 21 February 2017, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval of dividend payment from the retained earnings as at 31 December 2016. The dividend will be paid by cash at the rate of Baht 0.38 per share. As the Company's Board of Directors Meeting held on 10 August 2016 has the resolution to approve interim dividend payment to the shareholders as cash dividend of Baht 0.12 per share. The interim dividend was paid on 9 September 2016. The Company will pay a final dividend of Baht 0.26 per share. The payment of the final dividend is dependent on approval being granted by the shareholders.

#### 43. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2015 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 2015			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Income statements</b>				
Cost of hotel operations	1,839,228	1,790,560	Nil	Nil
Selling expenses	382,739	348,249	3,378	1,500
Administrative expenses	1,360,504	1,443,662	167,916	169,794
<b>Other comprehensive income (loss)</b>				
Exchange differences on translation of financial statements in foreign currency	2,545	21,208	-	-
Share of other comprehensive income (loss) of associate	18,663	-	-	-

#### 44. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.