

LaGuna

RESORTS & HOTELS

2013 Annual Report



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MESSAGE FROM THE MANAGEMENT

Thailand's political situation in 2013 was largely stable until towards the end of the year when we began to see the political instability in Bangkok. This resulted in the issuance of travel advisories by a number of countries which inevitably had an adverse impact on the hotel industry but fortunately it was to a large extent limited to Bangkok.

2013 again showed Phuket as a popular holiday destination for local and foreign visitors alike in both the FIT and Group segments. Business in Phuket remains relatively unaffected by the political situation in Bangkok due to direct flight access and perceived isolation of Phuket. In the first half year of 2013, tourist arrivals into Phuket increased 32 percent over the same period last year and our hotels in Phuket benefited from this. The combined revenues of Angsana Laguna Phuket and Banyan Tree Phuket grew Baht 190 million or 11 percent to Baht 1,857 million in the year under review. This was largely attributed to the strong occupancy growth of Angsana Laguna Phuket which emerged from the soft opening the year before.

Despite the political problems in December, Banyan Tree Bangkok posted an 11 percent or Baht 85 million increase in revenue on the back of strong occupancy growth and to a lesser extent, improved average room rate. The hotel also achieved a double digit growth in food and beverage revenues from its award winning restaurants led by Vertigo, Bangkok's first roof-top alfresco dining outlet.

In 2013 the Company continued its thrust in property sales with the launch of Laguna Park, a landed property project after the successful launch of Laguna Shores the year before. All-in-all, a total of 168 units worth Baht 1,544 million in revenue were sold compared to 87 units amounting to Baht 1,199 million the year before. Although only 19 units or Baht 516 million of the total sales were recognized in 2013 due to accounting income recognition policy, the Company has built up a strong pipeline of revenue which will be recognized over the next several years.

Corporate Social Responsibility (CSR) is a major undertaking at Laguna Resorts & Hotels. The Company gives back to the local community in a variety of ways such as fair employment and commitment to communities through community relations activities, cultural events and charitable projects. Laguna Phuket joined the EarthCheck program as part of its long-term commitment to enhancing operational sustainability and reducing environmental impact.

As we move forward into 2014 with Thailand still going through a period of political instability we remain vigilant to any adverse impact on the Company's business and will focus on preserving and generating cash from both the hotel and property sales division. It is essential that we continue to maintain the strength of our balance sheet and a comfortable level of cash resources, in order that we are well placed to be able to cope with any downturns that may arise.



Ho KwonPing
Chief Executive Officer

Banyan Tree Bangkok



FINANCIAL HIGHLIGHTS

AND FINANCIAL RATIOS

Financial Highlights

(Unit : Million Baht)

Information from Consolidated Financial Statements	2013	2012 (Restated)	2011 (Restated)
Total Assets	18,047	19,518	19,350
Total Liabilities	6,646	7,103	6,991
Total Shareholders' Equity	11,402	12,416	12,359
Revenue from Hotel Operations	3,428	3,165	2,798
Revenue from Property Development Operations	744	893	577
Total Revenue	4,352	4,299	3,598
Operating Profit (Loss)	404	283	(135)
Share of Gain (Loss) from Investment in Associate	(22)	(5)	174
Finance Cost	(180)	(180)	(132)
Income Tax Expenses	(85)	(61)	236
Non-Controlling Interests of the Subsidiaries	(5)	(17)	(39)
Profit (Loss) for the Year	112	20	104

Financial Ratios

Information from Consolidated Financial Statements	2013	2012 (Restated)	2011 (Restated)
Quick Ratio (Times)	0.44	0.61	0.36
Receivables Turnover (Times)	9.59	10.36	7.66
Accounts Payable Turnover (Times)	7.99	6.26	6.35
Return on Total Revenue (%)	2.57	0.46	2.89
Return on Total Equity (%)	0.94	0.16	0.70
Return on Total Assets (%)	0.60	0.10	0.50
Earnings Per Share (Baht)	0.67	0.12	0.62
Dividend Per Share (Baht)	0.34*	0.125	–
Net Asset Value Per Share (Baht)	68.41	74.49	74.15
Weighted Average Number of Ordinary Shares	166,682,701	166,682,701	166,682,701

* At the time of printing this report, the Board of Directors proposed a final dividend of Baht 0.34 per share but this is subject to the approval of the Annual General Meeting.

Company History

Laguna Resorts & Hotels Public Company Limited (The Company) was founded in 1983. It shortly thereafter acquired a large parcel of land on the site of an abandoned tin mine at Bangtao Bay, Phuket, Thailand which was later developed to become the Laguna Phuket integrated resort complex.

Major businesses of the Company and its subsidiaries are hotel business and property development. The subsidiaries also engage in operating a golf club, sales of merchandise, office and resort rental and sales of holiday club memberships.

Milestones

1987	Dusit Thani Laguna Phuket (formerly known as Dusit Laguna Resort) opened.
1991	Laguna Beach Resort opened.
1992	Sheraton Grande Laguna Phuket and the Laguna Phuket Golf Club opened.
1993	The Company listed on Stock Exchange of Thailand. Property Sales operations commenced with the Allamanda condominium units.
1995	The resort's flagship hotel, Banyan Tree Phuket's Grand Opening.
1998	Laguna Holiday Club commenced operations.
2002	The Company acquired a large parcel of land adjacent to Laguna Phuket for future development opportunities.
2005	The Company acquired Thai Wah Plaza Limited which owns Banyan Tree Bangkok and commercial offices.
2006	Banyan Tree Lijiang, People's Republic of China and Laguna Holiday Club Phuket Resort opened. The latter is operated under the Holiday Club Business.
2008	The Company entered into an agreement to acquire additional land adjacent to Laguna Phuket for future development.
2009	The Company invested in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Hue, Vietnam. Outrigger Laguna Phuket Resort & Villas commenced operations in December.
2010	Divestment of Dusit Thani Laguna Phuket Hotel in October.
2011	Divestment of Laguna Beach Resort in May. Closure of the former Sheraton Grande Laguna Phuket in mid 2011 for a major renovation, and rebranding and reopening of Angsana Laguna Phuket in December.
2012	Laguna Phuket celebrated its 25th anniversary.

Mission

The Company has a clearly defined corporate mission designed to further its business aims and generate maximum returns for its shareholders. Principal in the Company's mission statement is to include a culture of cooperation between the hotels and business units to ensure a positive experience for each and every hotel guest, holiday club member and property owner in Laguna Phuket, its most significant investment. In order to avoid an over reliance on its operations in Laguna Phuket, the Company continues to diversify its investment portfolio away from Phuket by investing in projects in other parts of Thailand and within the Southeast Asia region and the People's Republic of China. Paramount in its mission of generating continued growth through expansion, innovation and maximisation of market share, the Company seeks to conduct its operations in an environmentally sensitive manner.

Vision

To be the leading international hotel and property developer with full commitment to environmental protection, social responsibility and maximum satisfaction to all stakeholders.

Business Relationship with Major Shareholder

Banyan Tree Holdings Limited (BTH) is a listed company in the Singapore Exchange operating as a leading manager and developer of premium resorts, hotels and spas in the Asia-Pacific. It is a major shareholder holding 65.8 percent in aggregation of both direct and indirect of the total shares issued and paid-up of the Company. BTH is also a major shareholder holding (both directly and indirectly) more than 10 percent of the shares in several subsidiaries and one associate of the Company.

The subsidiaries and associate whose shares are held by BTH engage in hotel and property development as well as souvenir retail in the hotels managed by BTH. With BTH's expertise and experience of international hotel development and management of award-winning hotels under the trademarks of "Banyan Tree" and "Angsana", the joint investment with BTH will result in the said subsidiaries and associate benefitting from the use of trademarks, reputation and managerial assistance of BTH.





Angsana Laguna Phuket





Types of Business

The key businesses of the Group are hotel operations, property development operations and office rental. The Company's major business investment largely revolves around the operation and management of the integrated resort of Laguna Phuket, located on the island of Phuket in Thailand, as well as its investments in the Banyan Tree Bangkok and the Banyan Tree Lijiang, People's Republic of China.

Hotel Operations

Hotels

The Group has ownership in 3 hotels in Phuket and 1 hotel in Bangkok all of which are top-tier and luxury properties. The Group also has ownership in the 4th hotel (as shown in the below table) in Phuket but for accounting purpose the hotel is classified under the Holiday Club Business. Each of the hotels offer deluxe and superior suites, exclusive villas and residences which also include bars and restaurants, swimming pools, fitness centres, meeting rooms and facilities, business centres, etc.

The Group owns majority of the room inventories in those hotels but some are owned by property investors who receive a return on their investment by joining a hotel management scheme and renting their properties to guests and some units are sold as holiday club membership.

Hotel	Location	Opening year	Number of rooms owned by LRH Group (in operation)*	Company (% held by LRH Group)	Operator
Angsana Laguna Phuket	Bangtao, Phuket	2011	323 (409)	BGL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Banyan Tree Phuket	Bangtao, Phuket	1995	116 (173)	LBTL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited
Outrigger Laguna Phuket Resort & Villas	Bangtao, Phuket	2009	16 (55)	LVL (100%)	Outrigger Hotels (Thailand) Limited
Laguna Holiday Club Phuket Resort**	Bangtao, Phuket	2006	44 (79)	LHC (100%)	Owner-operated
Banyan Tree Bangkok	Sathorn, Bangkok	2002 (purchased in 2005)	293 (325)	TWPL (100%)	Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited

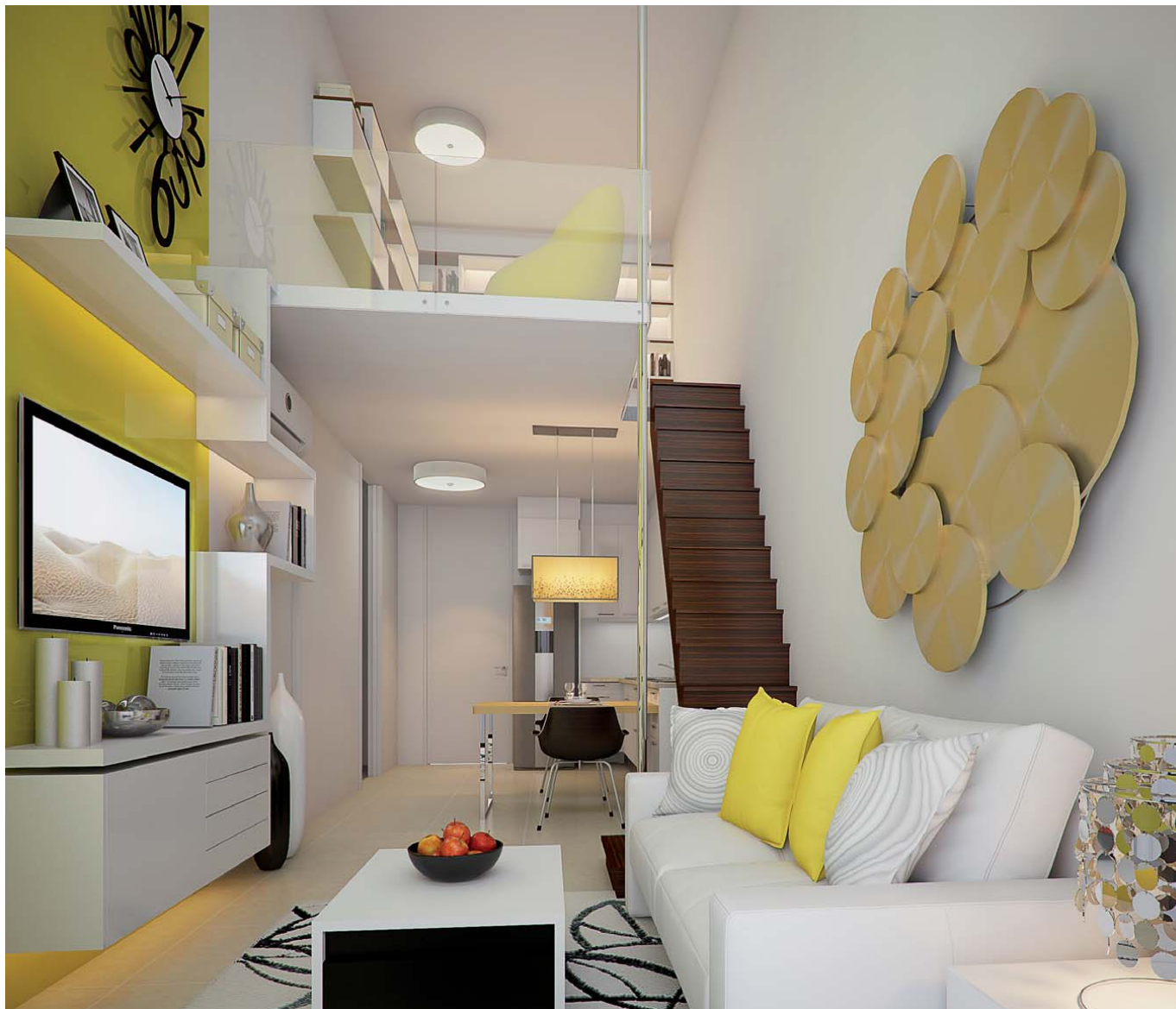
* The number of rooms shown in parenthesis include those owned by the Company and those which have been sold as property sale units or holiday club memberships.

** Classified under the Holiday Club Business for accounting purpose.

Hotel – Related Operations

Laguna Phuket is operated under an integrated resort concept, along with many hotel-related facilities which are also provided to support the concept. All of these facilities are owned and operated by the Group.

Hotel – related operations	Opening year	Company (% held by LRH Group)	Type of business/ facilities
Laguna Service	1991	LSC (72.9%)	Provides essential services such as laundry, water supply, inter-resort transport, landscaping, common area maintenance, marquee facilities, a gas station, staff transportation, centralised destination marketing and other centralised services for the Laguna Phuket hotels and ancillary operations.
Laguna Phuket Golf Club	1992	LGL (100%)	A resort style 18-hole, golf course.
Quest	1994	LEL (49%)	A corporate training facility providing management groups with programs tailored to suit individual company goals. Quest also operates recreational programs for resort guests and children.
Laguna Tours	2007	LEL (49%)	Started operations by selling selected third party tours to Laguna Phuket guests. From mid 2008, Laguna Tours established its own operated tours offering speed boat tours and city tours as well as offering luxury boat charters.
Canal Village Laguna Shopping	1994	LRH	A boutique shopping centre centrally located on 10 Rai of land within Laguna Phuket.
Banyan Tree Gallery and Angsana Gallery	1996	BTG(T) (51%), BTG(S) (51%), LBTG (51%)	A chain of retail outlets specialising in indigenous handicrafts and spa products. There are 15 outlets worldwide operated under these companies, 6 of which are located within Laguna Phuket.
Laguna Wedding Chapel	2005	BGL (100%)	Thailand's first resort wedding chapel offering comprehensive wedding packages and well positioned to capture the lucrative wedding market.



Laguna Shores



Property Development Operations

Property Sales

Property Sales offers a range of residential and vacation properties such as apartments, semi-detached and detached villas including hotel residences such as the high-end Dusit Thani Pool Villas and Banyan Tree Residences that are situated within a resort or hotel property. Investors in Laguna properties have the option to receive a return on their investment by joining a hotel management scheme and renting their properties to guests. The current developments available for sale are the following.

Project	Location	Type	Price (Million Baht)
Laguna Village	Phuket	Residence	30 – 35
		Apartments, Condominiums	12 – 29
Laguna Shores	Phuket	Apartment	4 – 10
Laguna Park	Phuket	Condominium	3 – 5
		Townhome	7 – 10
		Detached Homes	12 – 15
Banyan Tree Phuket	Phuket	Double Pool Villa	68 – 98
		Two-Bedroom Pool Villa	60
Dusit Thani Pool Villas	Phuket	Two-Bedroom Pool Villa	29 – 35
Banyan Tree Bangkok	Bangkok	Apartments	29 – 35

The Group owns significant land both within and adjacent to Laguna Phuket upon which it plans to construct future property developments.

Estate Service Management

A vital differentiation from other property developers, Laguna Property Management and Estate Services started operation in 2007 to provide services to the customers who buy properties within Laguna Phuket. The services comprise of pool maintenance, handyman services, ground and landscape maintenance, engineering services and common area management.

Holiday Club Business

Laguna Holiday Club commenced operations in 1998 selling memberships that entitle participants to annual vacations at the participating member resorts of Laguna Holiday Club Phuket Resort, Best Western Allamanda Laguna Phuket, Angsana Laguna Phuket, Angsana Laguna Phuket Private Pool Residences, Angsana Resort & Spa Bintan, Chiang Mai Twin Peaks, Boathouse Hua Hin and View Talay Pattaya. Members also have access to over 4,000 resorts in more than 100 countries through reciprocal arrangements with RCI and Interval International. Laguna Holiday Club currently has 1 sales office/branch located in Laguna Phuket.

Office Rental

Strategically located on South Sathorn Road, Thai Wah Tower I is a 24-storey granite clad building and is one of the very first office condominium buildings in Bangkok. The entire building has approximately 20,000 sq.m. of usable area of which 15,389 sq.m. is owned by the Group. Through the years the building has maintained its reputation as a premium office building with timely refurbishments.

In 2013, the lobby of the building underwent a renovation to improve its competitiveness against newer office buildings which have opened in the vicinity in recent years.

Overseas Investment in Hotels and Resorts

Banyan Tree Lijiang, opened in 2006, is a joint venture company incorporated in the People's Republic of China between Laguna Banyan Tree Limited (LBTL), a wholly owned subsidiary of the Company, and Banyan Tree Holdings Limited (BTH). The property features 124 luxurious villas, restaurants, bar, spa complex, gallery shop, gym, and treks and tours.

The Group also has an investment in the Banyan Tree Indochina Hospitality Fund which has developed an integrated resort in Laguna Langco in Vietnam.

Additionally, LRH invests overseas through Tropical Resorts Limited (TRL) and Bibace Investments Ltd (BI) which invest in luxury resorts largely throughout the Pacific Rim area.

Developments in 2013

The Thai political situation was stable for the most part of 2013 and this was very conducive for the overall Thai hotel and tourism industry. As a result the Company's hotels in Phuket and Bangkok performed reasonably well in comparison to the previous year. The Laguna Phuket hotels hosted several large group meetings such as Nuskin, Herbal Life, BMW and wedding functions during the year.

The Company embarked on a full renovation of the 18-hole golf course which started from June 2013 and is expected to complete by December 2014. This will greatly enhance the standard of the golf course and will attract more members and hotel guests alike.

In the property segment, there was stronger interest in the Company's residential properties with a total sale of 168 properties amounting to a sales value of Baht 1,544 million. The Company also launched a new project called "Laguna Park" comprising condominiums, townhomes and detached homes.

Future Plans

The Company continues to be confident that in the medium to long term there are opportunities to improve profitability and expand existing facilities, particularly in light of the ongoing high demand for Phuket and Bangkok in terms of both hotel and residential accommodation.

Going forward the Company will focus on residential property development as its impetus of growth and will also seek to continue to diversify its investment portfolio away from Phuket by identifying investment opportunities in other parts of Thailand and within the Southeast Asia region.

Hotels

It is also the Company's policy to have the hotels maintain their reputation as being luxury hotels with timely and periodic renovations and refurbishments of the hotel rooms.

Property Sales

The Company is continuing with the strategy to unlock value from its land bank by developing new property sales projects which cater to both primary and vacation home buyers. To capture a wider range of the market, the Company is developing luxury but small and affordable housing. Examples are "Laguna Shores" which is an apartment project of less than 100 sqm each which was launched in 2012. In 2013 the Company launched "Laguna Park" which consists of landed housing and condominiums which are significantly smaller in size than what the Company developed in the past.





Banyan Tree Phuket



Awards

During 2013, the hotels, Banyan Tree Spas and Angsana Spa were recognised for their achievements by receiving the following awards :

Banyan Tree Phuket was voted:

- Overseas Leisure Hotels (Rank 5) – Asia and India
Condé Nast Traveller – Reader Awards 2013
- Best Spa Hotel/Resort (Rank 1)
Smart Travel Asia Best in Travel Poll 2013
- Certificate of Excellence
Trip Advisor
- Travelers' Choice 2013 – Luxury
Trip Advisor
- Saffron Restaurant – Award of Excellence
Wine Spectator

Banyan Tree Spa was voted:

- Best Spa Operator (9th consecutive year)
TTG Travel Awards 2013
- Best Spa Brand (7th consecutive year)
Hurun Best of the Best Awards 2013
- Favorite Hotel Spa in the World
Destin Asian Readers' Choice Awards 2013
- Best Luxury Spa Group (Global)
World Luxury Spa Awards 2013
- Best Spa Brand
Shanghai Morning Post – 2013 Tourism Industry Award
- Best Services Enterprise Award : Health & Wellness (Spa)
Prime Minister's Business Enterprise Award 2013

Banyan Tree Spa Phuket was voted:

- Overseas Hotel Spas – 8th place and
World's Top 100 – 97th place (Overseas Hotel Spa)
Condé Nast Traveller UK – The Readers' Spa Awards 2013
- Top 25 International Spas – Ranked 9th
US Celebrated Living Readers' Choice Platinum List 2013

Banyan Tree Spa Sanctuary Phuket was voted:

- Destination Spas (Rank 5)
Condé Nast Traveller UK – Reader Awards 2013
- The World's Top 100 (Rank 46)
Condé Nast Traveller UK – Reader Awards 2013
- Outstanding Performance Award for Health Tourism :
Destination Spa
Thailand Tourism Awards 2013

Angsana Laguna Phuket was voted:

- Hot 25 Conference Hotel
Smart Travel Asia Best in Travel 2013
- Excellent Performance – Most Satisfied Customer in
category "Hotel General Impressions"
TUI Nordic Bronze Award
- Certificate of Excellence 2013
Trip Advisor
- FINALIST in the Best Luxury Resort Spa Category –
Angsana Spa Laguna Phuket
Luxury Hotel Award 2013
- Top Ten Family Resorts Awards
Holidays with Kids 2013
- Asia's Top 5 Family Hotels
Now Travel Asia

Laguna Holiday Club Phuket Resort was voted:

- Certificate of Excellence 2013
Trip Advisor

Banyan Tree Bangkok was voted:

- Asia's Leading Business Hotel
World Travel Award 2013
- World's Leading City Hotel
World Travel Award 2013
- Good Nursery Certification
Ministry of Social Development and Human Security
- Certificate of Excellence for the Year of 2013
Trip Advisor
- Moon Bar – Top 10 best bar around the world (Rank 2)
ABC VIAJAR, Spain
- Vertigo and Moon Bar – Thailand's Best Restaurant 2013
Thailand Tatler
- Bangkok's Best Dining 2013 in the category of European restaurant
Bangkok Best Dining

Banyan Tree Spa Bangkok was voted:

- Top 25 International Spas – Ranked 1st
US Celebrated Living Readers' Choice Platinum List 2013

Angsana Spa Laguna Phuket was voted:

- People's Choice Awards : Amazing Value for Money Spa
Thailand Spa & Well-being Awards 2013

Laguna Holiday Club was voted:

- Laguna Holiday Club Resort – Gold Crown Award for 2013
RCI
- Allamanda Laguna Phuket – Gold Crown Award for 2013
RCI
- Laguna Holiday Club Angsana – Premier Award for 2013 (Gold)
Interval World International
- Laguna Holiday Club Twin Peaks Residence – Select Award for 2013 (Silver)
Interval World International

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Income Structure

The percentage of income generated by each individual line of business is detailed as follows:

(Unit : Thousand Baht)

	2013	%	2012	%	2011	%
Revenue from Hotels	3,428,458	79	3,164,823	74	2,798,296	78
Revenue from Property Development	744,417	17	892,572	21	576,750	16
Revenue from Office Rental	88,543	2	92,397	2	85,527	2
Other Income	91,017	2	149,487	3	137,448	4
Total Revenue	4,352,435	100	4,299,279	100	3,598,021	100

The most significant lines of business of the Group are hotels and property development operations for which further details are provided below. Note 38 to the financial statements of the Company for the year ended 31 December 2013 (note 36 and 39 for the year ended 31 December 2012 and 2011 respectively) discloses the operating results by business segment in accordance with accounting standards and principles.

Hotel Operations – Overall	2013	2012	2011
Occupancy (%)			
Laguna Beach Resort	–	–	79
Angsana Laguna Phuket*	73	56	60
Banyan Tree Phuket	68	69	57
Banyan Tree Bangkok	80	74	58
Average – LRH Hotels	75	65	60

Average Room Rate (Baht)

Laguna Beach Resort	–	–	4,767
Angsana Laguna Phuket*	4,861	4,614	5,674
Banyan Tree Phuket	15,926	15,745	15,226
Banyan Tree Bangkok	3,792	3,672	3,711
Average – LRH Hotels	6,372	6,488	6,684

Total Revenue (Thousand Baht)

Laguna Beach Resort	–	–	174,340
Angsana Laguna Phuket*	894,736	673,296	488,780
Banyan Tree Phuket	962,145	993,541	790,124
Banyan Tree Bangkok	889,732	804,982	644,502
Total LRH Hotels	2,746,613	2,471,819	2,097,746
Gallery operations	236,948	239,781	288,887
Other hotel-related operations	444,897	453,223	411,663
Total Revenue of Hotel Operations	3,428,458	3,164,823	2,798,296

* Angsana Laguna Phuket is formerly known as Sheraton Grande Laguna Phuket

Hotel Operations – Overall

Revenue was 8 percent above prior year due largely to the significantly higher revenue of Angsana Laguna Phuket and Banyan Tree Bangkok which were offset by a slightly lower performance of Banyan Tree Phuket.

Laguna Beach Resort

There was no revenue contribution in 2012 and 2013 as the hotel was sold in May 2011. The revenue of 2011 represented four months of operations until it was sold.

Angsana Laguna Phuket

Revenue was 33 percent above prior year because 2012's performance was impacted by the soft opening in the first quarter. The low performance in 2011 was mainly due to the closure of the property for six months for a major renovation.

Banyan Tree Phuket

Revenue was 3 percent below 2012 as 2012 benefitted from significant group businesses including the Amway China event and Indian weddings.

Banyan Tree Bangkok

Revenue was 11 percent above prior year due to improved occupancy as the hotel was able to tap into the growing Chinese market. Unfortunately, the hotel's business felt the impact of the Thai political problems which started from late November.

Property Development Operations

(Unit : Thousand Baht)

Property Development Operations	2013	%	2012	%	2011	%
Property Sales business	515,893	69	742,863	83	379,734	66
Holiday Club business	228,524	31	149,709	17	197,016	34
Total Revenue – Property Development Operations	744,417	100	892,572	100	576,750	100

Property Sales Business

Although a total of 168 properties amounting to Baht 1,544 million were sold in 2013, actual revenue was below prior year as only 19 units could be recognized due to income recognition policy as compared to 26 units in 2012. The sales which could not be recognized in 2013 are from new projects launched in 2012-2013 and these can only be recognized when the construction is completed in 2014/2015.

Holiday Club Business

Holiday Club's revenue was above prior year as a result of a more stable global economic and domestic political environment. With effect from 1 January 2012 membership sales are recognized only when a 50 percent down payment has been received (previously 25 percent down payment).

Other Income

(Unit : Thousand Baht)

Other Income	2013	2012	2011
Gain on revaluation of investment property	24,091	81,204	23,804
Interest income	25,242	34,019	42,889
Dividend income	12,775	-	-
Rental and service fee	11,209	10,598	9,126
Gain on Sale of Investment	-	-	45,207
Others	17,700	23,666	16,422
Total Other Income	91,017	149,487	137,448

Other Income in 2013 and 2012 comprised largely of gain on revaluation of investment property and interest income.

The revaluation relates to the office units for rental at Thai Wah Tower and retail shopping center at Canal Village which is done every year.

The main components of Other Income in 2011 were a gain on sale of investment of Laguna Beach Club Limited and interest income.

Explanation and Analysis by Management

For the year ended 31 December 2013, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 112 million which was Baht 92 million higher when compared to the last year.

Total revenue for the year is Baht 53 million higher than prior year due to the combined effect of the following:

- Revenue from hotel operations increased by Baht 263 million and this is largely attributed to the increase in occupancy rate of the three hotels.
- Revenue from property development operations declined by Baht 148 million. Although a total of 168 units were sold, only 19 units could be recognized due to accounting income recognition policy as compared to 26 units in the prior year. The income of the remaining units will be recognized over the next several years. The higher revenue from the sale of holiday club memberships partially offset the shortfall from property sales.
- Revenue from office rental operations decreased by Baht 4 million mainly due to a decrease in tenant occupancy in Thai Wah Tower and Canal Village.
- Other income decreased by Baht 58 million which is largely from a decrease of gain on change in fair value of investment properties.

Total expenses decreased by Baht 67 million as compared to the last year due to the following reasons:

- Cost of hotel operations increased by Baht 148 million which is in line with the higher hotel revenue.
- Cost of property development operations decreased by Baht 90 million as a result of the lower number of property sales recognized during the year, offset by higher operating costs of the holiday club business.
- Cost of office rental operations increased by Baht 4 million mainly due to higher common area charges related to building renovations.
- Selling expenses increased by Baht 31 million mainly due to property sales commission. Included in the year is sales commission of Laguna Shores property project amounting to Baht 34 million. A total of 130 units amounting to a sales value Baht 805 million were sold but this revenue will not be recognized until the year 2015 and is therefore not included in this year's result.
- Administrative expenses increased by Baht 85 million due mainly to the increase in hotel villa rentals, management fees utilities costs and the write-off of expenses relating to discontinued construction projects.
- Reversal of the loss on impairment of investment in Thai Wah Starch Public Company Limited (TWS) amounting to Baht 245 million arising from the SET's approval for TWS to resume trading on 31 October 2013. The Company had previously fully set up an allowance for impairment of Baht 334 million.

Share of loss from investment in associate increased by Baht 16 million mainly due to the higher loss of Lijiang Banyan Tree Hotel Co., Ltd.

Income tax expenses increased by Baht 24 million as compared to the last year due to higher non-refundable withholding tax and unused tax losses.

Profit attributable to non-controlling interests of the subsidiaries decreased by Baht 12 million as compared to last year mainly due to the lower profit of retail operations in which there is a 49 percent non-controlling interest.

For the reasons stated above, the Company's profit is higher as compared to the last year.

Sales and Marketing

Hotels

All of the Company's hotels and business units prepare an annual Sales and Marketing Plan to support and demonstrate how they plan to achieve the budgeted revenues. For the hotels, the plans include statistics showing comparisons to prior year, market segmentation analysis, pricing strategy, promotion and PR plans etc.

The 2013 markets, source of reservations and geographical segmentations in term of room revenue are set out in the table below:

	Laguna Phuket hotels	Banyan Tree Bangkok
Targeted Markets / Type of Customers	The leisure markets account for more than 80 percent of room revenue during high season while regional leisure markets along with the corporate meeting groups account for the majority of revenue during low season.	The leisure markets account for approximately 70 percent of total revenue, while business travelers and corporate meeting groups represent the remainder.
Source of Reservations	More than 50 percent are from travel agencies.	More than 60 percent are from direct bookings.
Geographical Segmentation	<p>Asia 43 percent, mainly from People's Republic of China, Hong Kong, Korea, Japan and Singapore</p> <p>Europe 43 percent, mainly from Russia, United Kingdom, Germany, Scandinavia and Switzerland</p> <p>Oceania 5 percent</p>	<p>Asia 57 percent, mainly from People's Republic of China, Japan, Taiwan, Hong Kong, and Singapore</p> <p>Europe 25 percent, mainly from United Kingdom, Germany and Spain</p> <p>Oceania 8 percent</p>

The hotels will continue to focus on the high-end Chinese and Russian markets in the near term as the outbound tours from these two markets have increased exponentially in the last several years. The hotels will also drive more business from the other key European markets especially in the high season to maximize yield and to achieve a higher Revpar (revenue per available room).

The increase in supply of upscale hotels in recent years has increased competition and combined with the strength of the Baht has resulted in downward pressure on room rates. The Company believes there is room for continued upward movement of room rates and occupancy levels as demand for Phuket and Bangkok remains strong as a result of:

- Popularity with the existing European markets during high season, particularly Russia.
- An increase in the emerging outbound markets from the People's Republic of China throughout the year and Indian weddings.
- An increase in direct flights within the regional markets which significantly assists the demand during low season.
- A return of MICE and corporate business levels with improved local political stability and less global economic volatility

Property Sales

The property sales business has been subdued in recent years, after the onset of the global economic downturn and domestic political uncertainty. However, there has been stronger interest in 2013 and the Company is hopeful this will continue going forward if economic and political stability remains. Areas of focus will include:

- Selling the already completed Laguna Village and Banyan Tree Residences inventory.
- Penetration into newly emerging regional markets such as the People's Republic of China and having collateral in several different languages.
- Offering more affordable products such as the Laguna Shores holiday apartments, Laguna Park projects comprising condominium, townhomes and detached homes and developing competitively priced products for both primary and secondary home buyer segments.
- Organizing exhibitions and road shows in key potential markets such as Singapore, Hong Kong and People's Republic of China.
- Introducing innovative promotions and incentives such as long-term payment plans.
- Continuing to improve our excellent after sales service offerings.

The Company will stay very close to market forces to ensure that the Company continues its leadership position.

The Phuket Situation

A summary of the infrastructure in Phuket and recent developments is set out below:

- The Phuket International Airport, currently has the capacity to handle 6.5 million passengers a year. The Airports of Thailand (AOT), the national airport operator, has recently commenced expansion of the Phuket International Airport which is expected to be completed in 2015. This will include new terminals, an upgraded runway and taxiways and a new car park. It will raise the airport's capacity to 12.5 million passengers per year.
- Road network improvements include the commencement of an underpass near Central Festival at Darasamuth Intersection is under construction.
- The five existing marinas can accommodate over 1,000 yachts.
- There are currently six international schools with just over 2,000 students.
- There are eight major hospitals, which are increasingly catering for the medical tourism sector.
- There are seven golf courses, which cover more than 4,000 rais.
- Retail developments include Tesco Lotus, Big C hypermarkets, and a number of large shopping malls, including offerings from Central, Robinson, Ocean and Jungceylon. In addition, several smaller community shopping malls have been opened in recent years.



Competition

Laguna Phuket Hotels

The competitive set of Laguna Phuket are upper-tier hotels and luxury villas. There continues to be development activity, however a number of projects have been put on hold due after the onset of global economic downturn. The major competitors include the following.

Top Tier Properties - Phuket	Luxury Villa Properties - Phuket	Top Tier Properties - Bangkok
<ul style="list-style-type: none"> • Dusit Thani Laguna Phuket • Outrigger Laguna Phuket Beach Resort • Le Meridien Phuket Beach Resort • JW Marriott Resort & Spa • Hilton Phuket Arcadia Resort & Spa • The Movenpick Resort & Spa • Sala Phuket Resort and Spa • Renaissance Phuket Resort & Spa • The Westin Siray Bay Resort & Spa • Centara Grand Beach Resort Phuket • InterContinental (2014) • Hyatt (2014) 	<ul style="list-style-type: none"> • The Amanpuri • Trisara • Six Senses • Sri Panwa • Pavillions 	<ul style="list-style-type: none"> • The Sukhothai Bangkok • Conrad Bangkok • Le Meridien Bangkok • Dusit Thani Bangkok • Sofitel So • W Bangkok

In addition, hotels in Phuket continue to face competition from rental properties which offer competitive rates for longer stay visitors, as well as competition from other resort destinations within the region.

Banyan Tree Bangkok

The number of newly built hotels in recent years has led to an oversupply in downtown Bangkok. Moreover, the increased supply of new hotels and serviced apartments in Bangkok has resulted in a highly competitive market.

Property

In the property sector, the majority of potential secondary home buyers remain foreigners and require confidence in the ability of developers to deliver a quality product. The main competitors remain very much the same as the prior year with few quality developments entering the market. Otherwise the vast majority of developments are either:

- Smaller and very high end; or
- Lower end developments that do not compete with Laguna Property.

Laguna Phuket has a lot to offer our property buyers which cannot be matched by other competing projects. These include a long history of developing quality homes in a safe, secure and beautifully landscaped environment supported by a team of well trained after sales staff offering a myriad of home services. Laguna Phuket also offers our home owners a wide variety of dining and recreational facilities including an 18-hole golf course right at their doorstep.

Pricing Strategy

The hotels in Phuket and Bangkok are operating in a competitive environment and the Company will need to maintain vigilant and be flexible on its room rates to adapt to market changes market so as to maximize yield and Revpar (revenue per available room).

In the property sector, competitive pricing will be required to sell the existing completed inventory. In 2013, sales volume increased due to a new strategy to offer more affordable vacation homes (sub Baht 10 million) was implemented, with the launch of Laguna Shores, an apartment development to be managed by a new Banyan Tree brand with units priced from Baht 4 million. In addition, Laguna Park (a residential gated community adjacent to the resort) was also launched comprising condominiums (from Baht 3-5 million), townhomes (from Baht 7-10 million) and detached homes (from Baht 12-15 million) being typically smaller than the previous Laguna Village projects in order to keep pricing points attractive.

Three Year Outlook

The continued investment into luxury hotels and resorts in Phuket and Bangkok signifies the development into a world-class resort destination. Several major international operators are now present or set to debut over the coming years, and the necessary infrastructure is being developed to support these hotels.

In the short-term, domestic political instability and adverse global economic conditions could affect the performance of the hotel and property sales divisions. However, given enduring appeal of Phuket island and Bangkok, their value proposition, and their standing among global resort markets, it is expected that any downturn will be limited. Historically, political disturbances in Thailand have served to defer demand for hospitality and property in Phuket and Bangkok, but not cancel it. As such, the Company is still confident about the long-term prospects.



CORPORATE SOCIAL RESPONSIBILITY

Overview Policy

Corporate Social Responsibility (CSR) is a major undertaking at Laguna Phuket. We aim to help disadvantaged populations, endangered animals and generally give back to the local community in a variety of ways.

Developing Sustainable Communities

Laguna Phuket is a community nestled within a community – a network of hotels, properties, restaurants, services and leisure facilities that provides a wealth of jobs and a complete lifestyle for local, regional and international audiences.

In delivering this service, a focus on triple bottom line performance touches all stakeholders in our quest to deliver environmental and social benefits alongside increasing economic performance.

Our integration with local society creates memorable, vibrant experiences for guests and staff whilst synchronously developing relationships, security and a model for sustainable tourism.

Background of Laguna Phuket CSR

Since its establishment in 1984 that began with the rehabilitation of Bangtao Bay, once an abandoned tin mine and declared by the United Nations Development Program as: "too environmentally damaged to have any development potential," Laguna Phuket has continued to safeguard its natural environment, cultural heritage, and promote communal prosperity.

While Laguna Phuket has continuously supported associates with fair employment and well-rounded benefits, it has also maintained a commitment to communities through community relations efforts and cultural events. Charitable projects within local communities have been implemented since 1992. In 2007, the CSR programme was initiated and focuses on social, environmental, and sustainable business development. In 2012, Laguna Phuket joined EarthCheck program as part of its long-term commitment to enhancing operational sustainability and reducing environmental impact. The EarthCheck program by EC3 Global is the leading benchmarking, certification, and environmental management program used by the travel and tourism industry.





Operation and Report Preparation

The report on CSR initiatives is included in this section of the Company's annual report. This section highlights the program background, objectives and synopsis of the CSR initiatives implemented.

Impact of Business Operations on CSR

The Company emphasizes and aims to be a socially responsible company and has continued to safeguard its natural environment, cultural heritage, and promote communal prosperity by establishing the Corporate Social Responsibility (CSR) Committee named "Laguna Phuket Social Committee". This committee strives to contribute towards environmental conservation programs and to develop sustainable communities by initiating various CSR programs which focus on social and educational development, environmental conservation, religious and cultural preservation, associate benefits and relations.

Green Leaf Awards received by the individual hotels reflect recognition of Laguna Phuket's commitment to conserve the environment. The Company encourages and supports the staff to use resources efficiently. Day-to-day operations at the resort apply the Three Rs of green management: Reduce, Re-use and Recycle. Each hotel has a staff education program to teach the importance of caring for the environment, and consumption of energy and water is closely monitored through the extensive checklists to be completed by the staff. No raw sewerage is discharged into the sea from the resort complex. After being treated, sewerage and wastewater are directed into a sophisticated recycling system. The resulting water is used to irrigate the gardens.

There is no report of claim on impact of the Company's business operations on CSR.

Activities for Sociality and Environment

Social & Educational Development

Social & Educational Development initiatives aim to build the capacities of local communities and associates through socially beneficial projects, adequate educational support, and access to quality educational services. Associates are able to reduce financial burdens, continue to advance professionally, and have a high level of family welfare satisfaction. The following activities were achieved in 2013:



- Awarded Baht 209,500 educational scholarships to 35 underprivileged students in Phuket ranging from primary school through university level, by Laguna Phuket Foundation for Education. Since 1993, the Foundation has awarded approximately Baht 3.4 million to over 600 students. Scholarships can be used for tuition as well as other basic educational necessities.
- Continued to offer free continuing English courses to children and adults at Laguna Phuket Community English Language Center. In 2013, approximately 202 students participated in 14 classes. Since 2007, approximately 1,262 students have enrolled at the Center.
- Held the 3rd Laguna Phuket Kids Summer Camp for 30 disadvantaged students between Primary level years 5-6 from Phuket and Phang Nga provinces. Campers learned about environmental conservation through such activities as releasing juvenile sea turtles and bathing disabled sea turtles, and harvesting and planting organic vegetables at Laguna Service's garden.
- Under the Survival Swim with Laguna Phuket project, taught 721 students between age 12-15 from Phuket and Phang Nga provinces basic water safety and CPR skills to help prevent drowning among children. Since 2011, this project has taught 1,480 students, of whom 98.5 percent satisfactorily completed the course.

Environmental Conservation

Environmental Conservation efforts emphasize awareness raising of climate change and human impact on local natural resources. In partnering with local conservation efforts, Laguna Phuket supports various initiatives that ensure sustainable rehabilitation of marine and shoreline resources around Phuket. The following activities were achieved in 2013:

- Seventy-seven associate volunteers joined the Annual Tree Planting Activity and planted 2,000 mangrove saplings alongside 95 community members and students at Baan Tha Dindaeng in Phang Nga province. Since 2007, Laguna Phuket has planted 16,000 mangrove saplings around Phuket and Phang Nga.
- Supported ongoing Sea Turtle Conservation efforts by Phuket Marine Biological Center and 3rd Area Naval Command, Royal Thai Navy, by raising Baht 219,195 via releasing 80 juvenile green sea turtles. Since 1994, more than Baht 2.2 million has been raised.

Religious and Cultural Preservation

Religious and Cultural Preservation initiatives help to promote and preserve ancient traditions of various origins in local communities. In doing so, Laguna Phuket contributes to uplifting the spiritual well-being of associates, their families, and local community members, to ensure a balance between the influx of western influences brought about by tourism and preservation of the local way of life. The following activities were achieved in 2013:

- Organized Buddhist Lent Day Parade to Cherngtalay temple with 201 associates; donated lent candle and Baht 47,616 by Laguna Phuket, associates, and community members.
- Assisted with the organization of Bangtao Night Fishing Game, a local fundraising effort for Bangtao Community's Muslim Education Center, by supporting venue set up, hosting breakfast for competitors and donating race t-shirts.

Associate Benefits and Relations

Associate Benefits and Relations initiatives aim to enrich both the professional lives of associates and personal lives of their families. As a community, Laguna Phuket values their well being and believes that holistic concern fosters lasting satisfaction, trust, and positive attitude. The following activities were achieved in 2013:

- Provided free education to 172 children of associates and community members by Laguna Phuket Kindergarten. Originally established in 1992 as Child Care Center to provide free child care for children of associates and community members, the school was officially registered under the Ministry of Education and changed its status to Laguna Phuket Kindergarten in 2009.
- Continued to provide secure, profitable, and fair financial services to over 640 associate members by Laguna Phuket Associates Saving Co-Operative. As of 30 April 2013, the end of its fiscal year and the 4th year of operation, the Co-Operative had more than Baht 19 million in shares, issued 5 percent dividend and 6 percent return-on-interest to members, and helped to alleviate financial burdens via more than 330 emergency and ordinary loans.

Practices to Prevent the Involvement in Corruption

The Company has put in place a Code of Corporate Conduct approved by the Board of Directors and Standard Operating Procedures which have been communicated throughout the organization and is mandatory for directors, executives, and all level of employees of the company to strictly follow in the course of performing their duties with honesty, fairness, integrity and professionalism in accordance with the spirit of the good corporate governance. Directors, executives, and all level of employees of the Company are prohibited from engaging in any fraudulent acts, copyright infringement, and any form of corruption and bribery practices, which have been stipulated in the Code of Corporate Conduct, for the benefit of the Company's business. Fraud reporting policy is also adopted as a mechanism to ensure that any fraud committed against the Group is brought to the attention of top management and the Audit and Risk Committee, in order that appropriate action will be taken.

EVENTS IN 2013



National Children's Day Celebration

The 17th Annual National Children's Day Celebration was hosted by Laguna Phuket on 12 January at Laguna Grove. The event featured comedic and acrobatic stage performances by Phuket Palazzo Theater group, and a mini-concert by famous Thai entertainer "Mos" Patiparn. This annual celebration aims to strengthen relationships with local communities and cultivate positive family interaction.

Blood Drives

Laguna Phuket and Phuket Province Red Cross Chapter held 4 blood drives in 2013 in March, June, September, and December. More than 300 units of blood were successfully collected from associates and guests. Giving blood helps provide valuable life saving resources for both locals and tourists. Additionally, it encourages associates to live a healthier lifestyle.



Paul Oakenfold at XANA Beach Club

At the end of April 2013, XANA beach club held one of its biggest and most prolific events to date. International superstar DJ, Paul Oakenfold, played to over 600 Phuket residents and tourists from a huge stage. Guests danced into the early hours of the morning, and the event achieved acclaim across the world – with people still talking about it now.





Angsana Youth Scholarship

Angsana Laguna Phuket has established the "Angsana Youth Artist Scholarship" worth Baht 200,000, designed to support the next generation of creative thinkers and propel their careers by providing financial support to continue their education, enabling them to pursue creative opportunities in their chosen field. The Scholarship initiative is aligned with Banyan Tree's Group Corporate Social Responsibility (CSR) philosophy of "empowering people."

Banyan Tree Bangkok's a Treat for the Bangkok School for the Blind

Ms. Nopparat Aumpa, General Manager of Banyan Tree Bangkok recently visited the Foundation for the Blind in Thailand (Under the Patronage of H.M. the Queen) together with hotel associates to organize a special meal and donate computers for the students of the Bangkok School for the Blind.



8th Laguna Phuket International Marathon

The 8th Laguna Phuket International Marathon in June saw a record field of more than 4,000 runners from 45 countries competing over a variety of course distances. Thai TV star and aspiring marathoner Krittapas "Krit" Sakditanon, the event's Charity Ambassador, led the Charity Caravan and delighted local villagers along the course by stopping to collect donations for the Laguna Phuket Foundation.



Laguna Phuket's Annual Summer Family Festival

The annual Laguna Phuket Summer Family Festival began on 29 June and ran until 24 August with daily activities at Latitude Marquee and around the resort. Attractions included bouncy castle, trampoline, pony rides, baby elephant visit, golf and soccer fun, art classes, zumba classes and entertainment by clowns and acrobats alongside Festival favorites such as Quest's Kidz Fun Zone activities and themed parties.

Banyan Tree Bangkok graciously granted an audience by HRH Princess Maha Chakri Sirindhorn

Banyan Tree Bangkok Management was granted an audience by HRH Princess Maha Chakri Sirindhorn to present Baht 200,000 to support the Chalerm Prakiat School in Lumpoon Province.



Laguna Shores - Second Phase Launched

To be managed under a new hotel brand by the Banyan Tree Group, Laguna Shores which was launched in mid December 2012 has attracted keen interest with more than 60 percent of the 229 units already reserved. Follow the success, a second phase (the left building in the photo) of the resort property development has been launched with an additional 105 units this year.



Angsana Cooking Challenge

The Angsana Cooking Challenge project aims to lead local students to see another option in Food & Beverage operation in hospitality industry. With the help of Thai Sous Chef Wannee Kalasri and the Angsana Laguna Phuket team, students learned about the importance of selecting nutritious and low-cost ingredients, and to prepare food in a way that provides the best nourishment following the Sufficiency Economy philosophy, advocated by His Majesty the King.

Laguna Property launched Laguna Park

Phuket's latest residential project, Laguna Park, was officially launched at a VIP and media preview on 6 September. The project will be the island's largest residential community, comprising up to 2,000 homes when fully completed. Located adjacent to Laguna Phuket and overlooking the golf course, the launch of Laguna Park coincides with growing demands of the market.



Vegetarian Festival

Phuket Vegetarian Festival is held annually during the 9th lunar month. This year, the festival fell on 5-13 October. It is believed that those who observe strict vegetarianism will be granted good fortune. Laguna Phuket continued to support local shrines by donating rice, dry food items, and white t-shirts, as well as setting up an offering station at Laguna Phuket entrance for the Chergtalay Street Procession. This offering station is to pay respect to "Ma-Song", devotees through whom the gods enter.



Banyan Tree Bangkok's 15th Vertical Marathon

Banyan Tree Bangkok successfully raised money for charity through the 15th Annual Vertical Marathon with a total number of 800 runners. The event was presided over by the President of the Caring Hearts for Aids Foundation, Ms. Saisom Wongsasulak. Proceeds will be donated to the "HIV Formula Feeding Fund" a Thai Red Cross initiative under the patronage of Her Royal Highness Princess Soamsawali.

12th Loy Krathong Festival

Laguna Phuket co-hosted the 12th Loy Krathong Festival with Chergntalay Municipality on 17 November at Laguna Grove. Celebrated annually on the full moon of the 12th lunar month, the festival emphasizes the act of floating krathongs which is believed to honor and pay respect to the Water Goddess, and wash away the year's misfortunes. More than 5,000 community members, guests, and associates participated in this event.



20th Laguna Phuket Triathlon (LPT)

A field of over 1,000 individual pro and age group athletes representing 43 nationalities took part in the 20th "Race of Legends" comprising 1.8 km swim, 55 km bike ride and 12 km run on 24 November and launched the week-long Challenge Laguna Phuket Tri-Fest. Swiss Olympian Ruedi Wild successfully defended his LPT champion title from last year debut while in the women's field, World Champion Melissa Hauschildt made her LPT debut this year and snatched the title from fellow pros.



Inaugural Challenge Laguna Phuket

Challenge Family global series of long distance triathlons made its half-distance debut in Phuket on 1 December. Over 700 triathletes representing 51 nationalities joined the race to tackle the 1.9 km swim, 90 km bike ride, and 21 km run. Rasmus Petraeus of Denmark showed his strength and took the title while world champion Melissa Hauschildt of Australia took her second title in a week, following the triumph at the Laguna Phuket Triathlon on 24 November.

Laguna Phuket Foundation Fundraisers

Laguna Phuket Foundation was established in 2009 to support educational and social development of local communities, marine and natural environmental conservation, and emergency relief. Throughout 2013, Laguna Phuket Foundation implemented fundraisers among guests, associates, athletes, and community members to support its ongoing initiatives. Fundraisers include such events as Laguna Phuket International Marathon, Laguna Phuket Triathlon, and Challenge Laguna Phuket.



Banyan Tree Bangkok Sponsors a Treat for the Mahamek Orphans

Ms. Nopparat Aumpa, General Manager of Banyan Tree Bangkok and Banyan Tree Bangkok's associates recently visited and hosted dinner for 150 children at the Mahamek Home for Boys. This activity is part of the Banyan Tree's Corporate Social Responsibility program which holds empowerment of local communities and concern for the environment as cornerstones of its philosophy.

BOARD OF DIRECTORS



Dr. Jingjai Hanchanlash
Independent Director

Mr. Surapon Supratya
Deputy Chairman of the Board

Mr. Ho KwonPing
Chairman of the Board

Mr. Vudhiphol Suriyabhivadh
Independent Director

Mr. Udom Vichayabhai
Independent Director



Mr. Ariel P. Vera
Director

Mr. Ho KwonCjan
Director

Mr. Eddy See Hock Lye
Director

Mr. Ho Ren Hua
Director

Mr. Shankar Chandran
Director

Mr. Stuart David Reading
Director

Mr. Ho KwonPing⁽¹⁾

Chairman of the Board (Age 61 Years)

Date of First Appointment as Director : 4 July 1986

Highest Educational Background and Director Certificate Program

- Honorary Doctorate of Business Administration in Hospitality Management, Johnson & Wales University, USA
- Bachelor of Arts (Economics), University of Singapore (Currently known as National University of Singapore)

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

Mr. Ho KwonCjan's elder brother and Mr. Ho Ren Hua's father

Working Experiences for the Past 5 Years

Present :

- Chairman of the Board and Chief Executive Officer, Laguna Resorts & Hotels Public Company Limited
- Chairman of the Board and Chief Executive Officer, Thai Wah Food Products Public Company Limited
- Director and Executive Chairman, Banyan Tree Holdings Limited
- Chairman of the Board / Director, Certain related companies of Banyan Tree Holdings Limited
- Chairman of the Board / Director, Singapore Management University
- Chairman of the Board / Director, Tropical Resorts Limited
- Chairman of the Board / Director, Tropical Resorts Management Co., Ltd.
- Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member, Diageo plc
- Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, RHYC Pte. Ltd.
- Director, Chang Fung Company Limited
- Director, Bibace Investments Ltd.
- Director, Recourse Investments Ltd. and certain related companies
- Director, Freesia Investments Ltd
- Director, Sin-Hai Offshore Company Limited
- Director, Mae Samat Land Limited
- Director, Maypole Ltd. and certain related companies
- Director, Platinum Enterprise Limited and certain related companies
- Director, Asia Tapioca Products Company Limited

2006-2012 :

- Director, Tay Ninh Tapioca Company Limited

1988-2011 :

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited

Mr. Surapon Supratya^{(1), (2)}

Deputy Chairman of the Board (Age 61 Years)

Date of First Appointment as Director : 22 March 1996

Highest Educational Background and Director Certificate Program

- Master of Accounting, Thammasat University
- Certified Public Accountant of Thailand
- Director Accreditation Program (2009), Thai Institute of Directors Association

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Deputy Chairman of the Board, Laguna Resorts & Hotels Public Company Limited
- Director, Thai Wah Food Products Public Company Limited
- Director, Asia Tapioca Products Company Limited
- Director, Vietnam Tapioca Company Limited
- Director, Tay Ninh Tapioca Company Limited

2008-2012

- Director, Tapioca Development Corporation Limited

2007-2012

- Deputy Chairman of the Company, Laguna Resorts & Hotels Public Company Limited

1996-2012

- Director, Laguna Resorts & Hotels Public Company Limited and certain related companies

Mr. Vudhiphol Suriyabhivadh

Independent Director (Age 69 Years)

Date of First Appointment as Director : 7 May 2003

Highest Educational Background and Director Certificate Program

- Bachelor of Commerce (Accountancy), University of New South Wales, Australia
- Bachelor of Law, Sukhothai Thammathirat University
- Director Certification Program (2003) and Audit Committee Program (2005), Thai Institute of Directors Association
- Executive Course, IMD Lausanne, Switzerland

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management : No relation**Working Experiences for the Past 5 Years****Present :**

- Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited
- Independent Director and Audit Committee Chairman Bangkok Ranch Public Company Limited⁽³⁾
- Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member, L.P.N. Development Public Company Limited

Dr. Jingjai Hanchanlash

Independent Director (Age 71 Years)

Date of First Appointment as Director : 15 May 2001

Highest Educational Background and Director Certificate Program

- Doctorate University de Caen (Mention droit), France
- Director Accreditation Program (2003) and
- Audit Committee Program (2007), Thai Institute of Directors Association

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management : No relation**Working Experiences for the Past 5 Years****Present :**

- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited
- Honorary Chairman, Greater Mekong Sub-Region Business Forum
- Chairman of the Executive Board, Rutnin Eye Hospital
- Director, SPIE Oil & Gas Services (Thailand) Limited
- Director, Asian Phytoceuticals Public Company Limited
- Director, Société Commercial Lao Company Limited, Lao People's Democratic Republic
- Member of Executive Board, Thai Chamber of Commerce
- Expert Committee, The Education Council
- Advisor, Loxley Public Company Limited
- Secretary General, Development Cooperation Foundation

Mr. Udom Vichayabhai

Independent Director (Age 78 Years)

Date of First Appointment as Director : 28 December 1992

Highest Educational Background and Director Certificate Program

- Bachelor of Business Administration, Boston University, USA
- Director Certification Program (2004),
- Director Accreditation Program (2003),
- Role of the Chairman Program (2001),
- Finance for Non-Finance Directors (2004),
- Audit Committee Program (2005), and
- Role of the Compensation Committee (2008), Thai Institute of Directors Association

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management : No relation**Working Experiences for the Past 5 Years****Present :**

- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Chairman, Thai Wah Food Products Public Company Limited
- Chairman of the Board, Phuket Fantasea Public Company Limited⁽³⁾
- Independent Director, Audit Committee Chairman and Nomination Committee Member, Thai Reinsurance Public Company Limited
- Independent Director, Amcor Flexibles Bangkok Public Company Limited⁽³⁾

Mr. Ho KwonCjan⁽¹⁾

Director (Age 57 Years)

Date of First Appointment as Director : 27 February 1995

Highest Educational Background and Director Certificate Program

- Bachelor of Architecture (Hons), National University of Singapore

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

Mr. Ho KwonPing's younger brother and
Mr. Ho Ren Hua's uncle

Working Experiences for the Past 5 Years**Present :**

- Director, Laguna Resorts & Hotels Public Company Limited
- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited⁽²⁾
- Director, Thai Wah Food Products Public Company Limited
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Asia Tapioca Products Company Limited
- Director, Profit Chain Ltd.
- Director, Lanna Land Development Company Limited
- Director, Mae Malai Doi Resorts Company Limited
- Director, Platinum Enterprise Limited and certain related companies
- Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, Chang Fung Company Limited
- Director, PT Bintan Hotels
- Director, Bibace Investments Ltd
- Director, Freesia Investments Ltd

2005-2011

- Managing Director (Design Services) Laguna Resorts & Hotels Public Company Limited

Mr. Ariel P. Vera⁽¹⁾

Director (Age 61 Years)

Date of First Appointment as Director : 13 May 1997

Highest Educational Background and Director Certificate Program

- Master of Business Administration, National University of Singapore
- Certified Public Accountant of Philippines

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management : No relation**Working Experiences for the Past 5 Years****Present :**

- Director, Laguna Resorts & Hotels Public Company Limited and certain related companies⁽²⁾
- Director, Thai Wah Food Products Public Company Limited
- Director, Thai Wah Starch Public Company Limited
- Non-Independent and Non-Executive Director, Banyan Tree Holdings Limited
- Chairman of the Board / Director, Certain related companies of Banyan Tree Holdings Limited
- Director, ICD (HK) Limited

Mr. Eddy See Hock Lye⁽¹⁾

Director (Age 49 Years)

Date of First Appointment as Director : 21 November 2012

Highest Educational Background and Director Certificate Program

- Bachelor of Commerce, University of Auckland, New Zealand
- Associate Chartered Accountant, New Zealand Society of Accountants (Currently known as New Zealand Institute of Chartered Accountants)

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management : No relation**Working Experiences for the Past 5 Years****Present :**

- Director, Laguna Resorts & Hotels Public Company Limited and certain related companies⁽²⁾
- Director, Certain related companies of Banyan Tree Holdings Limited
- Senior Vice President – Finance, Banyan Tree Holdings Limited
- Director, Tropical Resorts Limited and certain related companies
- Director, Tropical Resorts Management Co. Ltd. and certain related companies
- Director, Singapore-Bintan Resort Holdings Pte Ltd
- Director, Veloso Group Limited
- Director, Donvale Limited
- Director, Debenham Limited
- Director, Hotel Management Ltd

Mr. Ho Ren Hua⁽¹⁾

Director (Age 31 Years)

Date of First Appointment as Director : 9 November 2011

Highest Educational Background and Director Certificate Program

- Bachelor of Science in Economics (Honors) majoring in Finance and Management, The Wharton School, University of Pennsylvania, USA

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

Mr. Ho KwonPing's son and Mr. Ho KwonCjan's nephew

Working Experiences for the Past 5 Years

Present :

- Director, Laguna Resorts & Hotels Public Company Limited
- Director, Thai Wah Food Products Public Company Limited
- Executive Director & Country Head, People's Republic of China, Banyan Tree Holdings Limited
- Chairman of the Board / Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Bibace Investments Ltd
- Director, Maypole Ltd. and certain related companies
- Director, Sin-Hai Offshore Company Limited
- Director, ICD (HK) Limited
- Director, United Insulation Services Pte. Ltd.

Mr. Shankar Chandran⁽¹⁾

Director (Age 51 Years)

Date of First Appointment as Director : 21 November 2012

Highest Educational Background and Director Certificate Program

- Postgraduate Diploma in Management Studies, Kingston University, London, UK
- Higher National Diploma Finance, South West London College, UK
- Associate Chartered Accountant, New Zealand Society of Accountants (Currently known as New Zealand Institute of Chartered Accountants)

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Director and Managing Director,⁽⁴⁾ Laguna Resorts & Hotels Public Company Limited and certain related company⁽²⁾
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Banyan Tree Hotels & Resorts (Thailand) Limited
- Managing Director (Spa Operations), Banyan Tree Holdings Limited
- Managing Director, Laguna Lang Co Vietnam

Mr. Stuart David Reading⁽¹⁾

Director (Age 46 Years)

Date of First Appointment as Director : 10 August 2006

**Highest Educational Background and
Director Certificate Program**

- Bachelor of Business Degree in Accounting,
University of Western Sydney, Australia
- Associate Chartered Accountant,
Institute of Chartered Accountants in Australia
- Director Certification Program (2010),
Thai Institute of Directors Association

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years**Present :**

- Director, Laguna Resorts & Hotels Public Company Limited and certain related companies⁽²⁾
- Vice President - Property Development,
Laguna Banyan Tree Limited⁽⁵⁾

2013

- Deputy Managing Director,
Laguna Resorts & Hotels Public Company Limited

2009-2012

- Vice President - Finance,
Laguna Resorts & Hotels Public Company Limited

2008-2009

- Senior Assistant Vice President - Finance,
Laguna Resorts & Hotels Public Company Limited

2006-2008

- Assistant Vice President - Finance,
Laguna Resorts & Hotels Public Company Limited

Remark

- No directors or management of the Company have any record of committing any illegal action.
- Disclosure on "Percentage of Shareholding in the Company" is in accordance with section 59 of the Securities and Exchange Act B.E. 2535.

⁽¹⁾ Authorized directors as shown in the Company Affidavit⁽²⁾ Details as shown in the section of "Position of Directors and Management as at 31 December 2013"⁽³⁾ Not a listed company in the Stock Exchange of Thailand⁽⁴⁾ Effective 10 March 2014 Mr. Shankar Chandran, Director, who was additionally appointed as Managing Director of the Company is considered management of the Company in accordance with the definition of the Securities and Exchange Commission.⁽⁵⁾ Effective from 2014 Mr. Stuart David Reading who was appointed as Vice President - Property Development of Laguna Banyan Tree Limited, subsidiary of the Company, is no longer management of the Company in accordance with the definition of the Securities and Exchange Commission.

Management, Head of Group Internal Audit and Company Secretary of the Company

Name	Position	Profile
Management¹		Profile as shown in the section of Board of Directors as at 31 December 2013
Mr. Ho KwonPing	Chief Executive Officer	
Mr. Shankar Chandran	Managing Director ²	
Mr. Stuart David Reading	Deputy Managing Director ³	Profile as shown in the following pages
Mr. Kuan Chiet	Senior Assistant Vice President – Finance & Administration ⁴	
Mr. Niyom Tassaneetipagorn	Senior Assistant Vice President – Corporate Affairs and Community Relation	
Mr. Nippon Kitisook	Senior Assistant Vice President – Resort and Property Development	
Mr. Yew How David Seet	Senior Assistant Vice President – Resort Operations ⁵	
Head of Group Internal Audit		
Ms. Ho Soo Hooi Cindy	Senior Assistant Vice President – Group Internal Audit	
Company Secretary		
Ms. Nanchalee Kecharananta	Assistant Vice President – Corporate Affairs	

Remark

– No directors or management of the Company have any record of committing any illegal action

– Mr. Mahmud Ziya Birkan resigned from the position of Deputy Managing Director of the Company effective from 1 July 2013.

¹ Effective 1 March 2012, all positions from Senior Assistant Vice Presidents and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

² Effective 10 March 2014 Mr. Shankar Chandran, Director, who was additionally appointed as Managing Director of the Company is considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

³ Effective from 2014 Mr. Stuart David Reading who was appointed as Vice President – Property Development of Laguna Banyan Tree Limited, subsidiary of the Company, is no longer management of the Company in accordance with the definition of the Securities and Exchange Commission.

⁴ Mr. Kuan Chiet was appointed as Senior Assistant Vice President – Finance & Administration of the Company effective from 2014.

⁵ Mr. Yew How David Seet was appointed as Senior Assistant Vice President – Resort Operations of the Company effective from 1 June 2013

Mr. Kuan Chiet

Senior Assistant Vice President –
Finance & Administration⁽²⁾

(Age 47 Years)

Highest Educational Background and Director Certificate Program

- Bachelor of Business Administration,
National University of Singapore
- Director Certification Program (2002),
Thai Institute of Directors Association

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited⁽¹⁾
- Director, Thai Wah Food Products Public Company
Limited
- Director, Tapioca Development Corporation Limited
- Senior Assistant Vice President –
Finance & Administration,⁽²⁾
Laguna Resorts & Hotels Public Company Limited

2012-2013

- Senior Assistant Vice President – Group Asset
Management, Development and Special Projects,
Laguna Resorts & Hotels Public Company Limited

2008-2011

- Senior Assistant Vice President – Group Asset
Management,
Laguna Resorts & Hotels Public Company Limited

2006-2008

- Assistant Vice President – Group Asset Management,
Laguna Resorts & Hotels Public Company Limited

2000-2008

- Director, Laguna Resorts & Hotels Public
Company Limited

Mr. Niyom Tassaneetipagorn

Senior Assistant Vice President –
Corporate Affairs and Community Relations

(Age 55 Years)

Highest Educational Background and Director Certificate Program

- Institute Communal d' Enseignement
Technique d' Hotellerie, Liege, Belgium
Major: Hotel Management
- Director Accreditation Program (2003),
- Director Certification Program (2007),
Thai Institute of Directors Association

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Director, Certain related companies of Laguna Resorts
& Hotels Public Company Limited⁽¹⁾
- Committee, Phuket Community Foundation
- Educational Committee, Cherngtalay Wittayakom School
- Honorary Advisor to The Standing Committee of
the Tourism of The Senate, The Senate
- Senior Assistant Vice President – Corporate Affairs
and Community Relations,
Laguna Resorts & Hotels Public Company Limited

2001-2008

- Director, Laguna Resorts & Hotels Public
Company Limited

1999-2008

- Assistant Vice President – Corporate Affairs and
Community Relations,
Laguna Resorts & Hotels Public Company Limited

Mr. Niphon Kitisook

Senior Assistant Vice President –
Resort and Property Development

(Age 49 Years)

Highest Educational Background and Director Certificate Program

- Master of Architecture,
San Francisco Institute of Architecture, USA

Percentage of Shareholding in the Company :

0.01 percent (9,100 shares) (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Senior Assistant Vice President – Resort
and Property Development,
Laguna Resorts & Hotels Public Company Limited

2007–2008

- Assistant Vice President – Project Management,
Laguna Resorts & Hotels Public Company Limited

Mr. Yew How David Seet⁽³⁾

Senior Assistant Vice President –
Resort Operations

(Age 59 Years)

Highest Educational Background and Director Certificate Program

- Certificate in Hotel Management,
SHATEC Institutes, Singapore

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Senior Assistant Vice President – Resort Operations,
Laguna Resorts & Hotels Public Company Limited

2012–2013

- Senior Assistant Vice President &
Deputy Managing Director,
Laguna Vietnam Company Limited

2000–2012

- Senior Assistant Vice President & Executive Director,
Banyan Tree Resorts & Spas (Thailand) Company Limited

Ms. Ho Soo Hooi Cindy

Senior Assistant Vice President –
Group Internal Audit

(Age 49 Years)

**Highest Educational Background and
Director Certificate Program**

- Bachelor of Commerce (Accounting),
Australian National University
- Certified Public Accountant of Singapore
- Certified Public Accountant of Australia

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Senior Assistant Vice President – Group Internal Audit,
Laguna Resorts & Hotels Public Company Limited
- Senior Assistant Vice President – Group Internal Audit,
Banyan Tree Holdings Limited

2008-2010

- Assistant Vice President – Group Internal Audit,
Laguna Resorts & Hotels Public Company Limited

2006-2010

- Assistant Vice President – Group Internal Audit,
Banyan Tree Holdings Limited

Ms. Nanchalee Kecharananta

Company Secretary and
Assistant Vice President – Corporate Affairs

(Age 47 Years)

**Highest Educational Background and
Director Certificate Program**

- Master of Development Administration,
Western Michigan University, USA
- Director Accreditation Program (2003),
- Company Secretary Program (2002), and
- Effective Minutes Taking Program (2006),
Thai Institute of Directors Association

Percentage of Shareholding in the Company :

None (No movement during the year)

Family Relation between Management :

No relation

Working Experiences for the Past 5 Years

Present :

- Company Secretary,
Assistant Vice President – Corporate Affairs
Laguna Resorts & Hotels Public Company Limited

2008-2012

- Senior Vice President, Corporate Secretariat Office
TISCO Financial Group Public Company Limited

2005-2008

- Director, Certain related companies of Laguna Resorts &
Hotels Public Company Limited

2000-2008

- Senior Corporate Affairs Manager,
Laguna Resorts & Hotels Public Company Limited

1998-2008

- Director,
Laguna Resorts & Hotels Public Company Limited

1998-2008

- Company Secretary,
Laguna Resorts & Hotels Public Company Limited
- Company Secretary,
Thai Wah Food Products Public Company Limited

Remark

- No directors or management of the Company have any record of committing any illegal action
- Disclosure on "Percentage of Shareholding in the Company" is in accordance with section 59 of the Securities and Exchange Act B.E. 2535.
- Mr. Mahmud Ziya Birkan resigned from the position of Deputy Managing Director of the Company effective from 1 July 2013.
- Effective 1 March 2012, all positions from Senior Assistant Vice Presidents and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

⁽¹⁾ Details as shown in the section of "Information on the Directors of Subsidiaries as at 31 December 2013"

⁽²⁾ Mr. Kuan Chiet was appointed as Senior Assistant Vice President – Finance & Administration of the Company effective from 2014.

⁽³⁾ Mr. Yew How David Seet was appointed as Senior Assistant Vice President – Resort Operations of the Company effective from 1 June 2013

DETAILS OF POSITIONS OF DIRECTORS AND MANAGEMENT

AS AT 31 DECEMBER 2013

Name List		LRH	Subsidiaries												
			AVCI	BGL	BT1	BT2	BT3	BT4	BTD	BTG(S)	BTG(T)	CGL	L3	LBTG	LBTL
Mr. Ho	KwonPing	BoDC, CEO, M	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Surapon	Supratya	DC	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Vudhiphol	Suriyabhivadh	ID, ARCC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Jingjai	Hanchanlash	ID, ARC, NRCC	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Udom	Vichayabhai	ID, ARC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho	KwonCjan	/	-	/	/	/	/	/	/	-	/	-	/	-	/
Mr. Ariel	P. Vera	/	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Eddy	See Hock Lye	/	PC	/	/	/	/	/	/	/	/	/	/	/	/
Mr. Ho	Ren Hua	/	-	-	-	-	-	-	-	-	-	-	-	BoDC	-
Mr. Shankar	Chandran	/, MD ¹ , M ¹	-	-	-	-	-	-	-	-	/	-	-	-	-
Mr. Stuart	David Reading	/, DMD ² , M ²	PD	/	/	/	/	/	/	/	/	/	/	-	/
Mr. Kuan	Chiet	M	-	/	/	/	/	/	/	-	/	-	/	-	/
Mr. Niyom	Tassaneetipagorn	M	-	/	/	/	/	/	/	-	/	-	/	-	/
Mr. Nipphon	Kitisook	M	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Ho	Soo Hooi Cindy	M	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Yew How David Seet ³		M	-	-	-	-	-	-	-	-	-	-	-	-	-

Remark

BoDC	=	Board of Directors Chairman
BoDVC	=	Board of Directors Vice Chairman
CEO	=	Chief Executive Officer
DC	=	Deputy Chairman of the Board
ID	=	Independent Director
DMD	=	Deputy Managing Director
PD	=	President Director
PC	=	President Commissioner
ARCC	=	Audit and Risk Committee Chairman
ARC	=	Audit and Risk Committee Member
NRCC	=	Nomination and Remuneration Committee Chairman
NRC	=	Nomination and Remuneration Committee Member
/	=	Director
-	=	None
M	=	Management according to the definition of the Securities and Exchange Commission
MD	=	Managing Director of the Company

- Mr. Mahmud Ziya Birkan resigned from the position of Deputy Managing Director of the Company effective from 1 July 2013.
- Dr. Satit Rungkasiri, an Independent Director who is also a Nomination and Remuneration Committee Member of the Company, resigned from his positions with effect from 10 July 2013. The Independent Director position is presently vacant and the Company is in the process of seeking a qualified candidate to fill the position.
- ¹ Effective 10 March 2014 Mr. Shankar Chandran, Director, who was additionally appointed as Managing Director of the Company is considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
- ² Effective from 2014 Mr. Stuart David Reading who was appointed as Vice President - Property Development of Laguna Banyan Tree Limited, subsidiary of the Company, is no longer management of the Company in accordance with the definition of the Securities and Exchange Commission.
- ³ Mr. Yew How David Seet was appointed as Senior Assistant Vice President - Resort Operations of the Company effective from 1 June 2013

Full Company names are shown in the section of "Abbreviations"

Subsidiaries																Associated Companies		Related Companies		
LCL	LEL	LGL	LHC	LLL	LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2	LBTH	TRL	BI	HHBR	TWS
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	BoDC	/	-	-
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INFORMATION

ON THE DIRECTORS OF SUBSIDIARIES

AS AT 31 DECEMBER 2013

Name List		Subsidiaries											
		AVCI	BGL	BT1	BT2	BT3	BT4	BTD	BTG(S)	BTG(T)	CGL	L3	LBTG
Mr. Ho	KwonCjan	-	/	/	/	/	/	/	-	/	-	/	-
Mr. Ariel	P. Vera	-	-	-	-	-	-	-	-	-	/	-	-
Mr. Kuan	Chiet	-	/	/	/	/	/	/	-	/	-	/	-
Mr. Niyom	Tassaneetipagorn	-	/	/	/	/	/	/	-	/	-	/	-
Mr. Stuart	David Reading	PD	/	/	/	/	/	/	/	/	/	/	-
Ms. Areewan	Umpornpaiboon	/	/	/	/	/	/	/	-	/	/	/	-
Mr. Shankar	Chandran	-	-	-	-	-	-	-	-	/	-	-	-
Ms. Claire	Chiang See Ngoh	-	-	-	-	-	-	-	/	/	-	-	-
Mr. Phitak	Boonpojanasoonorn	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho	Ren Hua	-	-	-	-	-	-	-	-	-	-	-	BoDC
Mr. Eddy	See Hock Lye	PC	/	/	/	/	/	/	/	/	/	/	/
Mr. Passapong	Nantarak	-	/	/	/	/	/	/	-	-	-	/	-
Mr. Gerardus	J.L.M. Van Paassen	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Amnuay	Navachotechaiyakul	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ussawin	Mouensoi	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Boon	Yongsakul	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Sriya	Yongsakul	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Kanruethai	Roongruang	-	-	-	-	-	-	-	-	/	-	-	-
Ms. Pisanthana	Charinkan	-	-	-	-	-	-	-	-	/	-	-	-

Remark

BoDC = Board of Directors Chairman
 PC = President Commissioner
 PD = President Director
 / = Director
 - = None

Full Company name are shown in the section of "Abbreviations"

Subsidiaries																
LBTL	LCL	LEL	LGL	LHC	LLL	LSC	LVL	MCP	PKRD	PSD	TLDC	TWDC	TWPL	TWRH	TWT	TWT2
/	-	-	/	-	-	/	-	/	/	/	-	/	/	/	/	/
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1. **Niyom Tassaneetipagorn**, Senior Assistant Vice President – Corporate Affairs & Community Relations,
Laguna Resorts & Hotels Public Company Limited
2. **Loh Hai Thong**, Senior Assistant Vice President – Services,
Laguna Service Company Limited
3. **Gerardus J.L.M. Van Paassen**,
Senior Assistant Vice President – Laguna Holiday Club Limited/Banyan Tree Residences & Laguna Property,
Laguna Holiday Club Limited
4. **Yew How David Seet**, Senior Assistant Vice President – Resort Operations,
Laguna Resorts & Hotels Public Company Limited
5. **Kuan Chiet**, Senior Assistant Vice President – Finance – Administration,
Laguna Resorts & Hotels Public Company Limited
6. **Shankar Chandran**, Director and Managing Director,
Laguna Resorts & Hotels Public Company Limited
7. **Stuart David Reading**, Vice President – Property Development,
Laguna Banyan Tree Limited
8. **Tony Pedroni**, General Manager,
Outrigger Laguna Phuket Beach Resort
9. **Marc Landgraf**, General Manager,
Outrigger Laguna Phuket Resort and Villas
10. **Sriram Kailasam**, General Manager,
Banyan Tree Phuket
11. **Porntip Kankheaw**, Director of Corporate Information Technology,
Laguna Resorts & Hotels Public Company Limited
12. **Udomsri Pichienrangsarn**, Assistant Vice President – Group Human Resources,
Laguna Resorts & Hotels Public Company Limited
13. **Passaraporn Kaotan**, Director of Operations – Canal Village and Estate Services,
Laguna Grande Limited
14. **Passapong Nantarak**, Assistant Vice President – Legal,
Laguna Resorts & Hotels Public Company Limited
15. **Nipphon Kitsook**, Senior Assistant Vice President – Resorts & Property Development,
Laguna Resorts & Hotels Public Company Limited
16. **Paul Wilson**, Director of Golf,
Laguna Grande Limited
17. **Femke Beekers**, General Manager,
BEST WESTERN Allamanda Laguna Phuket
18. **Bubpha Prateep Na Talang**, Senior Manager – Rental Pool Owner Services,
Laguna Banyan Tree Company Limited
19. **Roy Lau**, Assistant Vice President – Property Sales,
Laguna Banyan Tree Company Limited
20. **Teerawut Totarat**, Director of Operations,
Laguna Excursions Limited
21. **Prapa Hemmin**, Director of Sales – MICE & Corporate,
Laguna Resorts & Hotels Public Company Limited
22. **Suthasinee Rukmit**, Director of Community Relations,
Laguna Resorts & Hotels Public Company Limited

XANA Beach Club



General Information

Head Office

Laguna Resorts & Hotels Public Company Limited
Thai Wah Tower I, 7th, 22nd and 24th floor
21/17B, 21/17C, 21/65, 21/66 and 21/68
South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Telephone 66 (0) 2677 4455 | Facsimile 66 (0) 2285 0733

Branch 1

390/1 Moo 1, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand

Branch 2

390/62 Moo 1, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand

Branch 3 (No longer branch of the Company since 23 January 2014)

57 Moo 4, Srisoontorn Road, Cherngtalay, Thalang, Phuket 83110, Thailand

Homepages

www.lagunaresorts.com (Corporate Website) and www.lagunaphuket.com (Marketing Website)

Corporate Registration number

0107535000371 (Former: Bor Mor Jor 70)

Type of Major Businesses

Hotel Business and Property Development

Registered Capital

Baht 2,116,753,580

Issued and Paid-up Capital

Baht 1,666,827,010

Number and Type of Shares Issued and Par Value

166,682,701 ordinary shares at the par value of Baht 10 per share

Foreign Limit

Not exceeding 49 percent of total issued and paid-up shares of the Company

Percentage Allowed for Thai Trust Fund Management Company Limited

Not exceeding 20 percent of the total issued and paid-up shares of the Company

The Dividend Policy

is structured into 2 components as follows:

1. A fixed component amounting to one-third of the consolidated net profit for the year attributable to the shareholders; and
2. A variable component subject to the Board of Directors' discretion on the availability of cash after taking into account major capital expenditure and debt repayment obligations in the following year.

Total Employees

84 employees

(Only employees employed by Laguna Resorts & Hotels Public Company Limited as of 31 December 2013)

Companies in which the Company's Shareholding Exceeds 10 percent

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
AVCI	Holiday club membership	Bintan	USD2,335,000	USD10.00	USD850,000	100.00	(62) 770 693 402	(62) 770 693 402
BGL	Hotel operations	Phuket	1,546,000,000	100.00	1,546,000,000	100.00	66 (0) 7632 4101-7	66 (0) 7627 1808
BI	Investment holdings	British Virgin Islands	USD50,000	USD0.01	USD10,100	19.80	(65) 6849 5888	(65) 6849 5713
BT1	Property development	Phuket	20,930,000	100.00	20,930,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT2	Property development	Phuket	19,100,000	100.00	19,100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT3	Property development	Phuket	7,750,000	100.00	7,750,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BT4	Property development	Phuket	14,550,000	100.00	14,550,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTD	Property development	Phuket	80,000,000	100.00	80,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
BTC(S)	Sale of merchandise	Singapore	---	---	SGD432,000	51.00	(65) 6849 5888	(65) 6462 0186
BTG(T)	Sale of merchandise	Bangkok	7,750,000	100.00	7,750,000	51.00	66 (0) 2677 3100	66 (0) 2677 3200
CGL	Investment holding	Hong Kong	HKD10,000	HKD1.00	HKD2	100.00	(852) 2598 5234	(852) 2598 7500
HHBR	Dormant	Bangkok	10,000,000	10.00	10,000,000	10.00	66 (0) 2454 0037	66 (0) 2454 1097
L3	Property development	Phuket	100,000	100.00	100,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LBTG	Trading and retailing of consumer goods in resorts	Yunnan	USD75,000	-	USD75,000	51.00	(86) 888 533 1111	(86) 888 533 2222
LBTH	Hotel operations and property development	Yunnan	USD18,400,000	-	USD18,400,000	49.04	(86) 888 533 1111	(86) 888 533 2222
LBTL	Hotel operations and property development	Phuket	500,000,000	100.00	500,000,000	100.00	66 (0) 7632 4374	66 (0) 7632 4375
LCL	Dormant	Bangkok	1,000,000	100.00	1,000,000	85.00	66 (0) 2677 4455	66 (0) 2285 0733
LEL	Travel operations	Phuket	8,000,000	100.00	8,000,000	49.00	66 (0) 7636 2300	66 (0) 7636 2370
LGL	Golf club operations and property development	Phuket	1,000,000,000	100.00	1,000,000,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2

Companies in which the Company's Shareholding Exceeds 10 percent (cont.)

Company (Abbreviations)	Type of Business	Head Office	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-Up Capital (Baht)	Shareholding Proportion (Direct+Indirect*) (%)	Telephone	Facsimile
LHC	Holiday club membership and property development	Phuket	330,000,000	100.00	330,000,000	100.00	66 (0) 7636 2400	66 (0) 7636 2401
LLL	Property development	Phuket	1,000,000	100.00	1,000,000	95.00	66 (0) 7636 2300	66 (0) 7636 2301-2
LSC	Provide utilities and other services to hotels of the subsidiaries	Phuket	90,500,000	100.00	90,500,000	72.90	66 (0) 7630 5639-42	66 (0) 7630 5643
LVL	Hotel operations	Phuket	6,000,000	100.00	6,000,000	100.00	66 (0) 7633 6900	66 (0) 7633 6970
MCP	Property development	Bangkok	232,300,000	100.00	232,300,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
PKRD	Property development	Phuket	41,400,000	100.00	41,400,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
PSD	Property development	Bangkok	28,400,000	100.00	28,400,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TLDC	Property development	Bangkok	251,000,000	1,000.00	251,000,000	50.00	66 (0) 2677 4455	66 (0) 2285 0733
TRL	Resort investment and development	Hong Kong	USD50,500,000	USD1.00	USD21,000,000	25.87	(852) 2525 8854	(852) 2845 2754
TWDC	Property development	Phuket	214,370,000	100.00	214,370,000	100.00	66 (0) 7636 2300	66 (0) 7636 2301-2
TWPL	Hotel operations, lease of office building space and property development	Bangkok	2,250,000,000	100.00	2,250,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWRH	Investment holding and property development	Bangkok	1,250,000,000	100.00	1,250,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWS***	Manufacture and distribution of tapioca products	Bangkok	787,500,000	10.00	785,360,380	16.27	66 (0) 2285 0040	66 (0) 2285 0270-1
TWT	Lease of office building space	Bangkok	455,000,000	100.00	455,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733
TWT2	Property development	Bangkok	21,000,000	100.00	21,000,000	100.00	66 (0) 2677 4455	66 (0) 2285 0733

Remark

* Taking into account only on companies in which the Company has shareholding through a subsidiary(ies) (exceeding 50 percent)

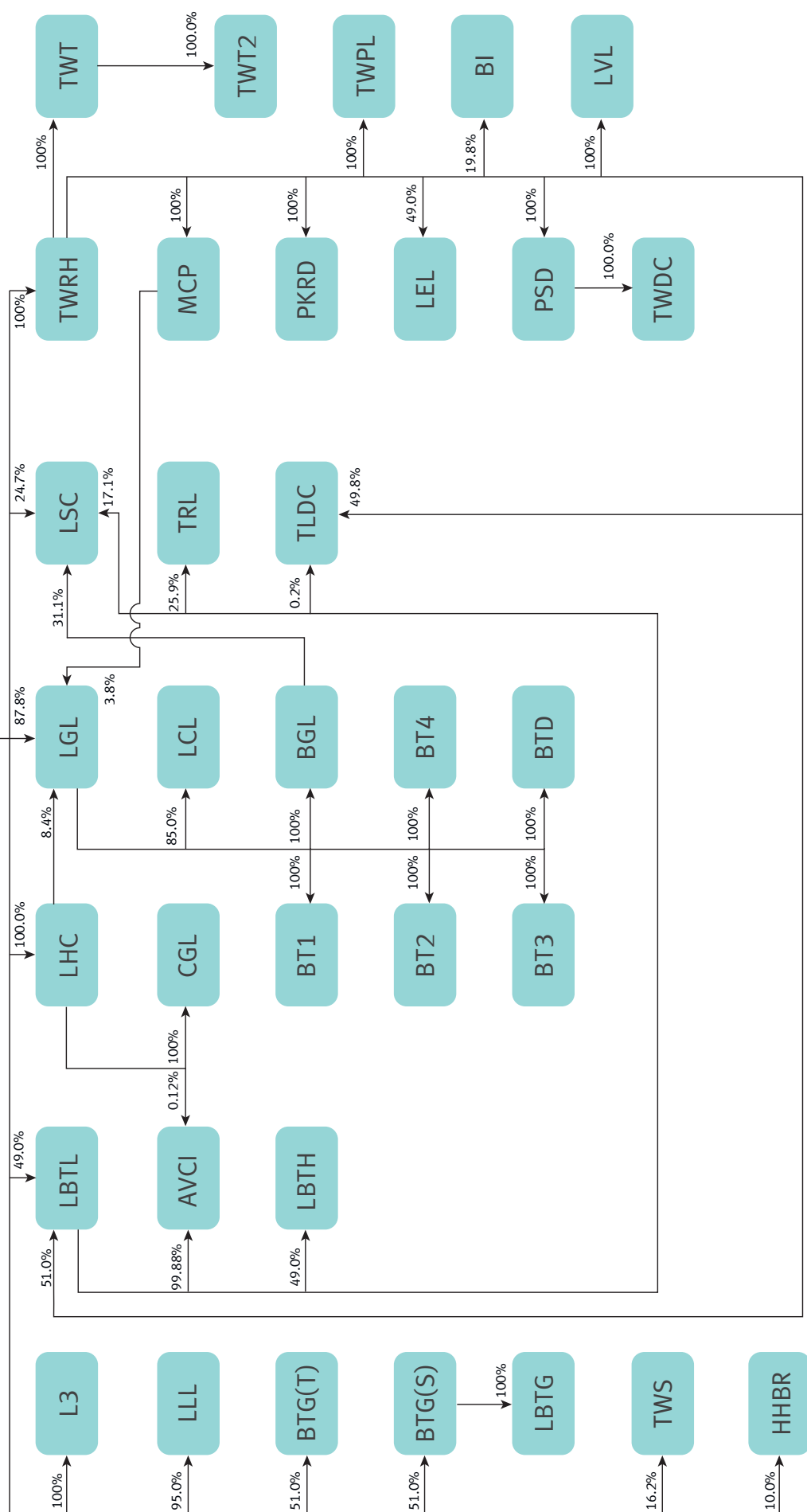
** With effect from 30 January 2006, the concepts of authorized/registered capital and par value have been abolished by law in respect of all Singapore companies.

*** Formerly known as Universal Starch Public Company Limited

Full Company name as shown in the section of "Abbreviations"

Corporate Structure as at 31 December 2013

Laguna Resorts & Hotels Public Company Limited



Remark : Full company names as shown in the Section of "Abbreviations"

Major shareholders as at 27 December 2013[#]

No.	Shareholders	No. of Shares Held	Total Shareholdings	%
1	Banyan Tree Holdings Limited Group of Companies		91,422,911	54.8
	(1) Banyan Tree Holdings Limited	74,632,342		
	(2) Banyan Tree Resorts & Spas (Thailand) Company Limited*	15,737,807		
	(3) Maybank Kim Eng Securities Pte Ltd**	1,052,762		
2	Thai Trust Fund Management Company Limited***		23,469,665	14.1
3	Thai NVDR Company Limited		21,172,198	12.7
4	Universal Starch Public Company Limited****		3,480,200	2.1
5	Goldman Sachs International		3,000,500	1.8
6	Mr. Suwit Laohapholwattana		2,940,900	1.8
7	Mr. Wichit Chinwongworrakul		1,889,900	1.1
8	East Fourteen Limited - Dimensional EMER MKTS VALUE FD		1,342,400	0.8
9	Dusit Thani Public Company Limited		1,250,000	0.7
10	The Viriyah Insurance Public Company Limited		1,103,725	0.7
	Other Minority Shareholders		15,610,302	9.4
	Total		166,682,701	100.0

Remarks:

As at the last share register book closing date. Updated shareholder information prior to the 2014 Annual General Meeting can be accessed through www.lagunaresorts.com, the Company's corporate website.

* A company which is under the control of Banyan Tree Holdings Limited.

** Holds the Company shares for and on behalf of Banyan Tree Corporate Pte. Ltd., a wholly-owned subsidiary of Banyan Tree Holdings Limited.

*** Banyan Tree Holdings Limited holds 18,175,265 units in Thai Trust Fund Management Company Limited

**** Currently known as Thai Wah Starch Public Company Limited

Management Structure

The Board structure is comprised of the main board and 2 committees: (1) Board of Directors, (2) Audit and Risk Committee, and (3) Nomination and Remuneration Committee.

Board of Directors

The Board of Directors of the Company comprises 12 Directors, four of whom are Independent Directors representing one-third of total Board members as follows:

Name		Position	Number of Meeting Attendance during 2013 / Total
Mr. Ho	KwonPing	Chairman of the Board	4/4
Mr. Surapon	Supratya	Deputy Chairman of the Board	4/4
Mr. Vudhiphol	Suriyabhivadh	Independent Director*	4/4
		Audit and Risk Committee Chairman	
		Nomination and Remuneration Committee Member ¹	
Dr. Jingjai	Hanchanlash	Independent Director*	4/4
		Nomination and Remuneration Committee Chairman	
		Audit and Risk Committee Member	
Mr. Udom	Vichayabhai	Independent Director*	4/4
		Audit and Risk Committee Member	
		Nomination and Remuneration Committee Member	
Vacant ²		Independent Director*	-
Mr. Ho	KwonCjan	Director	4/4
Mr. Ariel	P. Vera	Director	4/4
Mr. Eddy	See Hock Lye	Director	4/4
Mr. Ho	Ren Hua	Director	3/4
Mr. Shankar	Chandran	Director	4/4
Mr. Stuart	David Reading	Director	4/4

* The definition of "Independent Director" is disclosed under the section of "Corporate Governance".

¹ Mr. Vudhiphol Suriyabhivadh was appointed as Nomination and Remuneration Committee Member of the Company, replacing Dr. Satit Rungkasiri who resigned, in accordance with the resolution of the Board of Directors' Meeting on 11 November 2013.

² Dr. Satit Rungkasiri, an Independent Director who is also a Nomination and Remuneration Committee Member of the Company, resigned from his positions with effect from 10 July 2013. The Independent Director position is presently vacant and the Company is in the process of seeking a qualified candidate to fill the position.

Authorized Signatory

The Company's authorized signatories are "Two directors from the following eight directors namely Mr. Ho KwonPing, Mr. Surapon Supratya, Mr. Ho KwonCjan, Mr. Ariel P Vera, Mr. Stuart David Reading, Mr. Ho Ren Hua, Mr. Eddy See Hock Lye and Mr. Shankar Chandran can jointly sign with the seal of the Company affixed".

Duties and Responsibilities of the Company's Board of Directors

The Board's primary functions are to set the Company's policy and overall strategy for the Group and to provide effective oversight on the management of the Group's business and affairs. Apart from its statutory duties, the responsibilities of the Board include:

1. Formulating and approving broad policies, strategies and financial objectives of the Group;
2. Reviewing the financial performance and taking responsibility for the financial statements of the Group;
3. Monitoring and approving the Group's key operational initiatives, annual budget, major investment and funding decisions;
4. Ensuring that the adequacy of internal controls and risk management of the Group is regularly reviewed and evaluated;
5. Approving the nominations of Board of Directors and appointments to the various Board committees;
6. Assuming responsibility for corporate governance; and
7. Approving the Charter of the Audit and Risk Committee and Nomination and Remuneration Committee so as to clearly state the scope of its duties and responsibilities.

These functions are either carried out directly by the Board or through Sub-Committees established by the Board, principally the Audit and Risk Committee and Nomination and Remuneration Committee. The delegation of authority by the Board to Sub-Committees enables the Board to achieve operational efficiency by empowering these Sub-Committees to decide on matters within certain limits of authority and yet maintain control over major policies and decisions.

The Term of Office

The term of office of a director of the Board shall be 3 years. A director of the Board who vacates his/her office by rotation may be re-appointed.

Audit and Risk Committee

The Audit and Risk Committee comprises 3 Independent Directors of the Company as follows:

Name		Position
Mr. Vudhiphol	Suriyabhivadh	Chairman
Dr. Jingjai	Hanchanlash	Member
Mr. Udom	Vichayabhai	Member

Mr. Vudhiphol Suriyabhivadh, the Chairman of the Audit and Risk Committee, has adequate expertise and experience to review the financial reports. Mr. Vudhiphol's formal education as a trained accountant and his former employment as the Financial Director of East Asiatic (Thailand) Public Company Limited have given him ample experience in reviewing the creditability of the financial reports.

Duties and Responsibilities of the Audit and Risk Committee

1. To seek to ensure that the financial reports of the Company are accurate and sufficient;
2. To seek to ensure that the Company has appropriate and effective internal control and internal audit systems as well as to determine the independence of the internal audit unit, and to approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
3. To consider, select, nominate an independent person to be the external auditor of the Company and propose fees for such person, as well as to attend a non-management meeting with the external auditor at least once a year;
4. To be responsible for the resolution of disagreements between management and the external auditor regarding financial reporting;
5. To seek to ensure that the Company has complied with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws related to the business of the Company;
6. To seek to ensure that the connected transactions or transactions that may lead to conflicts of interests are in compliance with the laws and the Stock Exchange of Thailand's regulations, and are reasonable and for the highest benefit of the Company;
7. To review or discuss, as and when appropriate, policies regarding risk assessment and risk management and the steps management has taken to monitor and control such exposures;
8. To seek to oversee and ensure a continuous process for managing risk and to report on all areas of concern to the Board;
9. To review and assess the adequacy of the Charter of Audit and Risk Committee annually and recommend modification to the Board as needed;
10. To prepare a report of the Audit and Risk Committee to be disclosed in the annual report of the Company, which must be signed by the Chairman of the Audit and Risk Committee; comprising at least the following information:
 - a. an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - b. an opinion on the adequacy of the Company's internal control system,
 - c. an opinion on the compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, or the laws related to the business of the Company,
 - d. an opinion on the suitability of an auditor,
 - e. an opinion on the transactions that may lead to conflicts of interests,
 - f. the number of the Audit and Risk Committee meetings, and the attendance of such meetings by each committee member,
 - g. an opinion or overview comment received by the Audit and Risk committee from its performance of duties in accordance with the charter, and
 - h. other transactions which, according to the Audit and Risk committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board;
11. In performing the duty of the Audit and Risk Committee, if there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results:
 - a. a transaction which causes a conflict of interest;
 - b. any fraud, irregularity, or material defect in an internal control system; or
 - c. an infringement of the law on securities and exchange, the Stock Exchange of Thailand's regulations, or any law related to the business of the Company.

The Audit and Risk Committee shall report such transaction or act to the Board for rectification within the period of time that the Audit and Risk Committee thinks fit. If the Board or management fails to make a rectification within such period of time, any Audit and Risk Committee member may report on such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand;

12. To investigate and report the preliminary result to the Office of the Securities and Exchange Commission and the external auditor within 30 days upon receipt of the fact from the external auditor in relation to any suspicious circumstance that the director, manager or any person responsible for the operation of the Company commits an offence under the law on Securities and Exchange; and
13. To perform any other acts authorized by the Board of Directors of the Company with the approval of the Audit and Risk Committee.

In order that the duties and responsibilities of the Audit and Risk Committee can be fulfilled, the Audit and Risk Committee shall have the power to investigate related persons and matters within the scope of the authority and duty of the Audit and Risk Committee and, with the approval of the Board of Directors, shall have the power to employ or ask a specialist to provide advice and opinions as deemed appropriate by the Audit and Risk Committee.

The Term of Office

The term of office of a member of the Audit and Risk Committee shall be 2 years. A member of the Audit and Risk Committee who vacates his/her office by rotation may be re-appointed.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 3 Independent Directors of the Company as follows:

Name		Position
Dr. Jingjai	Hanchanlash	Chairman
Mr. Udom	Vichayabhai	Member
Mr. Vudhiphol	Suriyabhivadh*	Member

* Mr. Vudhiphol Suriyabhivadh was appointed as a Nomination and Remuneration Committee Member of the Company, replacing Dr. Satit Rungkasiri who resigned, in accordance with the resolution of the Board of Directors' Meeting on 11 November 2013.

Duties and Responsibilities of the Nomination and Remuneration Committee

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company;
2. To review and award the bonus, salary increment and incentives of the Company Chairman and his relatives who are employees of the Company;
3. To review and approve the expenses claims of the Company Chairman;
4. To review and if necessary, propose changes to the remuneration of the Company's directors serving on the Board of Directors, Audit and Risk Committee and Nomination and Remuneration Committee;
5. To review and if necessary, propose changes or additions to senior management welfare, benefits, (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emoluments of individual employees shall be determined by the management of the Company;
6. To establish criteria for Board membership;
7. To formulate a standard and transparent process for the selection of directors;
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy;

9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board's policy;
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members;
11. To review the Committee Charter at least once a year and recommend modifications to the Board of Directors as needed; and
12. To report to the Board of Directors on the Committee's activities and findings.

To assist the Nomination and Remuneration Committee in achieving its objectives, the Nomination and Remuneration Committee shall have the discretion to appoint appropriate third party consultants to review existing employee related policies, propose new employee benefit and welfare programs and/or undertake other HR related research and studies.

The Term of Office

The term of office of a member of the Nomination and Remuneration Committee shall be 2 years. A member of the Nomination and Remuneration Committee who vacates his/her office by rotation may be re-appointed.

Management*

Management of the Company comprised of the following members:

Name		Position
Mr. Ho	KwonPing	Chief Executive Officer
Mr. Shankar	Chandran	Managing Director**
Mr. Stuart	David Reading	Deputy Managing Director***
Mr. Kuan	Chiet	Senior Assistant Vice President – Finance & Administration****
Mr. Niyom	Tassaneetipagorn	Senior Assistant Vice President – Corporate Affairs and Community Relations
Mr. Niphon	Kitisook	Senior Assistant Vice President – Resort and Property Development
Ms. Ho	Soo Hooi Cindy	Senior Assistant Vice President – Group Internal Audit
Mr. Yew	How David Seet	Senior Assistant Vice President – Resort Operations*****

Remark:

- Mr. Mahmud Ziya Birkan resigned from the position of Deputy Managing Director of the Company effective from 1 July 2013.
- * Effective from 1 March 2012 all positions from Senior Assistant Vice President and above are considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
- ** Effective 10 March 2014 Mr. Shankar Chandran, Director, who was additionally appointed as Managing Director of the Company is considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
- *** Effective from 2014 Mr. Stuart David Reading who was appointed as Vice President – Property Development of Laguna Banyan Tree Limited, subsidiary of the Company, is no longer management of the Company in accordance with the definition of the Securities and Exchange Commission.
- **** Mr. Kuan Chiet was appointed as Senior Assistant Vice President – Finance & Administration of the Company effective from 2014.
- ***** Mr. Yew How David Seet was appointed as Senior Assistant Vice President – Resort Operations of the Company with effect from 1 June 2013.

Head of Group Internal Audit

Ms. Ho Soo Hooi Cindy, Senior Assistant Vice President of the Company who is also considered management of the Company in accordance with the definitions of the Securities and Exchange Commission, is the Head of Group Internal Audit.

Ms. Ho Soo Hooi Cindy received her education in accounting from the Australian National University and is a Certified Public Accountant of Singapore and also a Certified Public Accountant of Australia. She has 11 years of strong audit experiences of which 8 years were in the hospitality industry. The Company views that based on her experiences and knowledge, she meets the qualification to perform and carry out the internal audit function.

Company Secretary

Ms. Nanchalee Kecharananta was appointed as the Company Secretary of the Company effective from 1 June 2012 in accordance with the resolution of the Board of Directors' Meeting on 11 May 2012. The Company Secretary is responsible for preparing and maintaining register of directors, notice and minutes of the Board of Directors' meeting, annual report, notice and minutes of shareholders meeting, maintaining directors and management's report on interests, and performing other duties as required by the Capital Market Supervisory Board and as assigned by the Board of Directors of the Company.

Method of Appointment and Removal of Directors as Included in the Company's Articles of Association

Appointment of Directors

- (a) The number of the Board of Directors shall not be less than 5 directors and at least half of the total directors shall reside in Thailand.
- (b) Directors shall be elected in a shareholders' meeting in accordance with following rules and procedures:
- In voting to elect directors, the votes shall be non-cumulative.
 - In voting, the shares of each shareholder shall be counted as one vote for every share.
- (c) If any vacancy occurs in the Board of Directors other than by rotation, the Board of Directors shall elect another person who is qualified and has not been prohibited by Section 68 of the Public Limited Company Act. B.E. 2535 to be a director for the next directors' meeting, except when the period of office for the vacating director is less than 2 months, it is then not necessary to appoint any new director. The appointed person shall stay in office for the remaining period of the vacating director.

The resolution of the Board of Directors for the above paragraph shall not be less than three-fourths of the remaining number of directors.

In the event where there are director positions vacant and the numbers of remaining directors are unable to form a quorum, the remaining directors shall transact on behalf of the Board of Directors only to arrange for a shareholders' meeting to appoint new directors for the vacant positions. The shareholders' meeting to appoint new directors to fill the vacant positions shall be made within 1 month from the date they became vacant.

Removal of Directors

- (a) At each Annual General Meeting, one-third of the directors shall retire from office, or if their number is not a multiple of 3, then the number nearest to one-third shall retire from office.

Directors due to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been longest in the office shall retire.

A retiring director shall be eligible for the re-election.

- (b) Apart from retiring by rotation, a director position shall also be vacated upon:-
- Death
 - Resignation
 - Lack of qualification or subject to any prohibition under Articles 68 of the Public Limited Company Act B.E. 2535
 - Removal by a resolution of a shareholders' meeting
 - Removal by a court order
- (c) A director may be removed by a resolution of the shareholders' meeting passed by a vote of not less than three-fourths of the number of the shareholders who attend the meeting and are entitled to vote and the shares which voted shall not be less than half of the total shares of the shareholders who attended the meeting and are entitled to vote thereon.

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) of Laguna Resorts & Hotels Public Company Limited comprises three independent directors and has the following objectives:

1. To formulate and align HR policies and programs for senior management to business goals and market practices;
2. To attract and retain the right people for senior management positions in the Company;
3. To ensure that the Company's senior management remuneration and benefit package remain competitive with the industry's benchmark;
4. To advise the Board on matters relating to the composition of the Board and its committees so that the Board is able to adequately discharge its responsibilities and duties; and
5. To resolve and/or advise on any employee's remuneration which have conflict-of-interest issues.

In the pursuit of its objectives, the NRC is empowered to perform the following functions:

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company;
2. To review and award the bonus, salary increment and incentives of the Company Chairman and his relatives who are employees of the Company;
3. To review and approve the expense claims of the Company Chairman;
4. To review and if necessary, propose changes to the remuneration of the Company's directors serving on the Board of Directors, Audit and Risk Committee and Nomination and Remuneration Committee;
5. To review and if necessary, propose changes or additions to senior management welfare, benefits (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company;
6. To establish criteria for Board membership;
7. To formulate a standard and transparent process for the selection of directors;
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy;
9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board's policy;
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the re-nomination of those retiring directors and committee members;
11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed; and
12. To report to the Board of Directors on the Committee's activities and findings.

The NRC met four times in 2013 to consider and make recommendations to the Board regarding the appointment of Deputy Chairman of the Board including committee member upon vacancy, re-nomination of those retiring directors by rotation and the remuneration for the directors and sub-committee members. Additionally, the NRC reviewed and approved the expenses claims by the Chairman of the Company and the amount of annual bonus and salary increment for the Company's employees. The NRC also reviewed and approved the welfare benefits for employees of the Company and the new incentive scheme which is designed to motivate and encourage better individual and business unit performance by the use of individual Balanced Scorecard.



Dr. Jingjai Hanchanlash
Nomination and Remuneration Committee Chairman
10 January 2014

Remuneration Policy

Employees' Remuneration

The Group's remuneration policy is built on a transparent appraisal system and formulated to drive performance of its employees, who are its most important asset.

The objective of the Group's remuneration policy is to attract, motivate, reward and retain quality staff. The typical compensation package for employees comprises basic salary, variable performance bonus, allowances, as well as benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive with the industry's benchmark, the Group periodically reviews its base salary ranges and benefits package with comparative groups in the hospitality sector.

The remuneration for the Group's senior management and senior executives aims to motivate them to achieve the Group's annual and long-term goals to ensure that they are aligned with shareholders' interests. Performance-related elements therefore form a part of senior management and senior executives' total remuneration.

The Group's approach to rewarding employees not only helps to attract, retain and motivate talented employees but also fosters a performance-oriented culture across the organization that will help attain the Group's financial objectives.

Directors' Remuneration

The fees for Independent Directors, Non-Executive Directors and Executive Directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive. Directors' fees are subject to shareholders' approval at the Annual General Meeting. In addition to directors' fees, Independent Directors and Non-Executive Directors also receive compensation in kind in terms of goods and services provided at hotels operated by the Group.

Remuneration paid to directors of the Board and management in 2013 is disclosed in the Company's 2013 annual report and Form 56-1 under the section "Directors' and Managements' Remuneration".

Remuneration and Other Benefits of the Directors during the Year 2013

Name	Position	Remuneration/Other Benefits (Baht/Year)		
		The Board	Audit and Risk Committee	Nomination and Remuneration Committee
Mr. Ho KwonPing	Chairman of the Board and Chief Executive Officer	964,000 / -	- / -	- / -
Mr. Surapon Supratya	Deputy Chairman of the Board	800,000 / -	- / -	- / -
Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member ²	644,000 / 60,000 ¹	320,000 / -	- / -
Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	644,000 / 60,000 ¹	164,000 / -	320,000 / -
Mr. Udom Vichayabhai	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	644,000 / 60,000 ¹	164,000 / -	164,000 / -
Dr. Satit Rungkasiri ³	Independent Director and Nomination and Remuneration Committee Member	322,000 / 60,000 ¹	- / -	123,000 / -
Mr. Ho KwonCjan	Director	420,000 / -	- / -	- / -
Mr. Ariel P. Vera	Director	420,000 / -	- / -	- / -
Mr. Eddy See Hock Lye	Director	420,000 / -	- / -	- / -
Mr. Ho Ren Hua	Director	420,000 / -	- / -	- / -
Mr. Shankar Chandran	Director and Managing Director ⁴	420,000 / -	- / -	- / -
Mr. Stuart David Reading	Director and Deputy Managing Director ⁵	420,000 / -	- / -	- / -

Remarks:

¹ Spa and Gallery Voucher

² Mr. Vudhiphol Suriyabhivadh was appointed as a Nomination and Remuneration Committee Member of the Company replacing Dr. Satit Rungkasiri who resigned, in accordance with the resolution of the Board of Directors' Meeting on 11 November 2013.

³ Dr. Satit Rungkasiri, an Independent Director who is also a Nomination and Remuneration Committee Member of the Company, resigned from his positions with effect from 10 July 2013. The Independent Director position is presently vacant and the Company is in the process of seeking a qualified candidate to fill the position.

⁴ Effective 10 March 2014 Mr. Shankar Chandran, Director, who was additionally appointed as Managing Director of the Company is considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

⁵ Effective from 2014 Mr. Stuart David Reading who was appointed as Vice President - Property Development of Laguna Banyan Tree Limited, subsidiary of the Company, is no longer management of the Company in accordance with the definition of the Securities and Exchange Commission.

Directors' and Management's Remuneration

Monetary Remuneration

(a) Directors

The 2013 Annual General Meeting of the Company approved the remuneration for each category of directors of the Board and for each category of committee members of the Audit and Risk Committee (ARC) and Nomination and Remuneration Committee (NRC) effective 1 January 2013 and for each subsequent year, unless or until resolved otherwise by a general meeting of the shareholders of the Company. Details of the remuneration are shown in the following table.

Board of Directors

Position	Remuneration / Meeting / Person (Baht)	Spa & Gallery Vouchers / Year / Person
Chairman of the Board	241,000	-
Deputy Chairman of the Board	200,000	-
Independent Director	161,000	USD2,000 (Approximately Baht 60,000)
Non-Executive Director	161,000	USD2,000 (Approximately Baht 60,000)
Executive Director	105,000	-

Audit and Risk Committee and Nomination and Remuneration Committee

Position	Remuneration / Meeting / Person (Baht)
Chairman	80,000
Member	41,000

Monetary remuneration for the Directors and Sub-Committee Members in 2013 was in the total amount of Baht 7,793,000. Directors of LRH are not paid director fee by any of LRH's subsidiary companies.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2013".

(b) Management

Monetary remuneration for the top 8 management in 2013 was in the total amount of Baht 51,625,904 consisting of salaries, bonus, car allowance, housing allowance, social security payment, provident fund payment, tax paid by the Company, laptop allowance, children education subsidy, medical expenses, etc.

Non-Monetary Remuneration

(a) Directors

Benefits in the form of spa and gallery vouchers for the Independent Directors in 2013 were in the total amount of Baht 240,000.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2013".

(b) Management

Employee benefits such as personal accident and health insurance and complimentary vouchers, etc., for the top 8 management in 2013 were in the total amount of Baht 2,460,770.

Corporate Governance Policy

The Company is committed to maintaining high standards of good corporate governance within the organization to protect and enhance long-term shareholder value. The Company has adopted and is continuously developing a set of good corporate governance practices and policies which are modeled on the 2006 principles of good corporate governance for listed companies advocated by the SET as per the details set out in the following sections. Additionally, the Company has put in place a Code of Corporate Conduct approved by the Board of Directors and Standard Operating Procedures which have been communicated throughout the organization for all employees of the Company to strictly follow in the course of performing their duties. As and when required, new internal rules and regulations are introduced to ensure there are no gaps in the policies.

1. Rights of Shareholders

The Company recognizes the importance of shareholders' rights. In the Company's Annual General Meeting held on 25 April 2013 the Company conducted the meeting in full compliance with all relevant laws and regulations in respect of shareholders' rights in the following manner.

- 1.1 All shareholders have the same basis and rights in the casting of votes at the meetings and the receipt of dividends when declared by the Company. These are calculated based on their respective shareholding in the Company.
- 1.2 At every shareholders' meeting, shareholders are given the right to approve important matters such as election of directors (shareholders can elect directors individually), directors' remuneration, appointment of auditors and dividend payment, etc.
- 1.3 The Company invites shareholders to propose agenda items in advance of the AGM through the SET and the Company's website (www.lagunaresorts.com). However, none have been proposed by the shareholders.
- 1.4 The Company does not invite the minority shareholders to nominate their own candidates to be appointed as the Company's directors ahead of the meeting. This is because the Company already gives all shareholders an opportunity to nominate their own candidates (who meet the requirements under the Plc Act) and to vote for candidates at the shareholders' meeting.
- 1.5 Through the Thailand Securities Depository Company Limited, the Company's share registrar, the Company sends out package containing the notice and agenda of the meeting to the shareholders at least 10 days prior to the meeting. The meeting documents include the facts and rationales and opinions of the Board as well as other information relating to the agenda items such as information on the persons nominated for election as directors, auditors' profiles, the part of the Company's Articles of Association that relates to the shareholders' meeting, map showing the venue of the shareholders' meeting, proxy forms, documents and evidence of entitlement to attend the meeting, etc. This is to enable the shareholders to prepare themselves for the meeting. In addition, the notice of the shareholders' meeting is advertised in the newspaper and all information contained in the meeting documents will also be posted on the Company's website (www.lagunaresorts.com) at least 1 month prior to the meeting. Moreover, shareholders are always invited to register at least 1 hour before the meeting begins.
- 1.6 Before the start of every shareholders' meeting, the Company Secretary will explain the voting methodology to shareholders. A team of legal counsels from a leading international law firm is appointed to verify the registration

procedure before the Chairman of the meeting announces to the shareholders, the number of shareholders and proxy holders present at the meeting and the number of shares held by them. The legal counsels also verify the vote counting procedure in respect of each agenda item before the votes are announced as resolution of the shareholders' meeting. Shareholders may verify the detailed results of the vote of each agenda item at the end of each meeting. The same results and a summary of questions from shareholders will also be included in the minutes of the meeting which are accurately and completely documented in all material aspects and will be sent to all shareholders for their review prior to the following meeting. The minutes of the 2013 Annual General Meeting is posted on the Company's website (www.lagunaresorts.com) within 14 days after the meeting was held.

- 1.7 The Company's policy in conducting shareholders' meetings is not only to meet all legal requirements but to also provide a platform and opportunity for shareholders to communicate their views and ask the directors and management questions regarding matters affecting the Company. The Chairman allocates sufficient time for the meeting and conducts the meeting in an appropriate and transparent manner. During the meeting, shareholders are allowed to give comments and ask questions before the resolution on each agenda item. In addition, shareholders who have any questions that require the Company's clarification during the meeting may send their questions in advance at "ir@lagunaresorts.com" or fax them to 66 (0) 2285 0733.
- 1.8 Apart from the external auditor who will attend the Annual General Meeting, the Chairman of the Board, the Chairman of the Audit and Risk Committee, the Chairman of the Nomination and Remuneration Committee, and all of the Company's directors will endeavour to be present at the shareholders' meeting in order to assist the Board in addressing queries raised by the shareholders. The Company also invites its legal counsels from leading international law firm to attend the meeting in case there are any legal questions which requires clarification during the meeting. Furthermore, the Company provides a professional translator to be present at the meeting to assist shareholders and the Board to communicate more effectively in English and Thai. At the 2013 Annual General Meeting, the Chairman of the Board, the Chairman of the Audit and Risk Committee, the Chairman of the Nomination and Remuneration Committee, and other directors were present at the Meeting. Details of their names are stated in the minutes of the 2013 Annual General Meeting.
- 1.9 Any shareholders who arrive at the meeting after the meeting has begun are still entitled to vote on the agenda items that are still under consideration and have not been voted upon.
- 1.10 News and information relating to the Company is disseminated through the Company's website (www.lagunaresorts.com), which includes information such as the resolutions of the Company's Board of Directors on important matters, resolutions of the shareholders' meetings, financial information, information which may affect the Company's share price, Annual Report, etc.
- 1.11 The Company was given an "Excellent" rating for the conduct of its 2013 Annual General Meeting in an assessment carried out by the Thai Investors Association.

2. Equal Treatment of Shareholders

The Company recognizes its duty to ensure equal treatment of shareholders by complying with all relevant laws and regulations as follows:

- 2.1 For shareholders who are unable to attend a meeting in person, the Company provides opportunity for such shareholders to appoint another person as proxy to attend the meeting on their behalf by using proxy form B sent by the Company. The Proxy form B is one of the forms prescribed by the Ministry of Commerce which allow

shareholders to make voting directions. Moreover, the Company provides opportunity for shareholders to appoint the Company's independent director as proxy to undertake proxy voting on behalf of shareholders who are unable to attend the meeting. The name of the independent director is provided in the proxy forms, together with the profile of that independent director who has been given proxy to vote on behalf of shareholders who are unable to attend the meeting, all of which are attached as part of the meeting documents.

- 2.2 The Company ensures that directors and management are aware of their duty to report a change in their holding of the Company's securities to the SEC within 3 business days in accordance with the Securities and Exchange Act. The securities holding report is also included in the agenda of the Board meeting for the Board's acknowledgment once every 3 months.
- 2.3 Any director or management who has an interest in, or is related to, any transaction between the Company and an interested or related person will not participate in the decision making process involving such transaction. The Company has disclosed and strictly follows the procedures on such transaction in accordance with the regulations of the SET and notification of the Capital Market Supervisory Board.
- 2.4 The Company has formulated a Code of Corporate Conduct to provide guidelines for the Board, senior management and employees of all levels to comply with. The Statement includes the prohibition on the improper use of insider information for personal benefit or to benefit others. Additionally, the Board approved a policy on dealing in securities of the Company which prohibits the dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "Embargo Period." Details are further described under the heading "Supervision on the Use of Inside Information" in the Form 56-1 and in the Company's Annual Report. There is no violation of the policy found during 2013.

3. Role of Stakeholders

In its pursuit for sustainable growth and financial returns for its shareholders, the Company strives to become a role model corporate citizen. It respects the rights of all its stakeholders and conducts its operations fairly and strictly in compliance with all laws, rules and regulations.

Shareholders:

The Board of Directors is committed to perform its duties honestly, transparently and diligently in the best interest of all its shareholders, to preserve and enhance long-term shareholder value. All important information which may have an impact on the Company's share price and/or shareholders decisions are fully disclosed in a timely manner.

Employees:

Being in the hospitality industry, the Company believes that its people are its greatest asset. The Company has taken steps to ensure that all labour laws are complied with and all employees are treated fairly without discrimination or favoritism. The Company offers competitive pay packages and welfare benefits such as meal allowance, laundry allowance, complimentary vouchers and health & personal accident insurance to all its employees with continually upgraded programs. Additionally, the Company provides its employees a safe, hygienic and conducive working environment, air-conditioned buses and provident fund. Furthermore, the Company not only encourages its employees to attend training related to their line of responsibility to enhance their knowledge and skills but also selects talented employees to attend the Management Development Program annually in order to develop them in accordance with the succession plan. The Company's operations are not in violation of any principles of human rights.

The Company's Board of Directors approved the Whistle Blowing Policy and communicated this throughout the organization. The policy has provided guidance and a confidential procedure to the Company's employees and third parties who feel they need to raise an issue concerning a major wrongdoing, irregularity or impropriety within the Company. As far as the Company's Board of Directors is aware, there have been no claims or allegations under such policies.

Customers:

The Company aims to provide its guests a safe and unforgettable experience at its hotels and resorts. Safety of its guests is one of the Company's top priorities and in this regard a safety committee has been formed at each property with the objective of improving the safety of our guests.

Competitors:

The Company believes that competition is the essence of a free and open market and therefore avoids any actions which may prevent, obstruct or discourage potential competitors from entering the markets in which the Company operates in. The Company takes the view that healthy competition encourages product and service innovations in the market place which would increase market standards and ultimately benefit consumers and society at large. The Company will neither engage in any fraudulent act to violate or obtain competitors' trade secrets nor in any infringement of intellectual property or copyright including anti-corruption and anti-bribery, which has been stipulated in the Code of Corporate Conduct approved by the Company's Board of Directors, for the benefit of the Company's business.

Society & Environment:

The Company aims to be a socially responsible company and has continued to safeguard its natural environment, cultural heritage, and promote communal prosperity by establishing the Corporate Social Responsibility (CSR) Committee named "Laguna Phuket Social Committee". This committee strives to contribute towards environmental conservation programs and to develop sustainable communities by initiating various CSR programs which focus on social and educational development, environmental conservation, religious and cultural preservation, associate benefits and relations, details as shown under the heading "CSR" in Form 56-1 and in the Company's Annual Report as well as in the Company's website (www.lagunaresorts.com).

Green Leaf Awards received by the individual hotels reflect recognition of Laguna Phuket's commitment to conserve the environment. The Company encourages and supports the staff to use resources efficiently. Day-to-day operations at the resort apply the Three Rs of green management: Reduce, Re-use and Recycle. Each hotel has a staff education program to teach the importance of caring for the environment, and consumption of energy and water is closely monitored through the extensive checklists to be completed by the staff. No raw sewerage is discharged into the sea from the resort complex. After being treated, sewerage and wastewater are directed into a sophisticated recycling system. The resulting water is used to irrigate the gardens, details as shown under the heading of "CSR/Environmental Policy" in the Company's website (www.lagunaresorts.com).

Suppliers:

The Company strives to forge long-term business relationships with its suppliers and therefore has the policy to always give a fair profit to its suppliers and to respect payment terms and conditions. In addition, in selecting its suppliers, the Company applies the same selection criteria specified in the Company's Standard Operating Procedures which have been distributed and communicated throughout the organization in order to understand and to strictly adhere to the procedures accordingly.

Creditors:

The Company considers creditors as important business partners and therefore aims to fulfill all its obligations to its creditors. In 2013, no creditors challenged that the Company had failed to comply with any obligations.

4. Information Disclosure and Transparency

The Company's emphasis on the disclosure of accurate and complete information in a transparent and timely manner as shown by the following.

- 4.1 Each of the directors and executives of the Company has filed with the Company a report covering his interest or his related person's interest in relation to management of the Company or its subsidiaries in accordance with the criteria and procedures as specified in the notification of the Capital Market Supervisory Board, and has updated and filed with the Company within 30 days should there be any change in the report. The report is also included in the agenda of the Board meeting for the Board's acknowledgment once every 3 months.
- 4.2 In the previous year, the Company disclosed all general and financial information as well as information which may affect the price of the Company's securities correctly, completely, transparently and on a timely manner, in accordance with the rules and regulations of the SEC and the SET. All information is communicated to investors, shareholders and relevant sectors through the channels of the SET and the Company's website (www.lagunaresorts.com).
- 4.3 Individual investors, shareholders, stock analysts and state agencies may contact the Company through the Company Secretary at telephone number 66 (0) 2677 4455 or at "ir@lagunaresorts.com".
- 4.4 The Company's financial statements contain accurate and complete information and are prepared in accordance with generally accepted accounting standards. In addition, they are audited/reviewed by auditors from a well-known auditing firm (currently Ernst & Young Office Limited) and are approved by the Company's Audit and Risk Committee and Board before being disclosed through the SET. The information relating to the "Board of Directors' Responsibility for the Company's Financial Statements" is available in the Company's Annual Report. In 2013, the Company's quarterly and annual financial statements were unconditionally certified by the auditor.
- 4.5 The Company wishes to refer the following matters to the disclosure made in other places:
 - The name of directors and the scope of the powers, duties and responsibilities of the Board and other committees are detailed under the heading "Management Structure" in the Form 56-1 and in the Company's Annual Report.
 - The professional experience of the directors, members of other committees, Head of Group Internal Audit and Company Secretary is detailed in Attachment 1 to Form 56-1 and under the heading "Board of Directors Management, Head of Group Internal Audit and Company Secretary of the Company" in the Company's Annual Report.
 - The number of Board meetings held and the number of Board meetings attended by each director in 2013 are detailed in clause 5 under "Board Responsibility" hereof.
 - The performance of the Audit and Risk Committee in the past year is detailed in Attachment 4 to Form 56-1, and under the heading "Report of the Audit and Risk Committee" in the Company's Annual Report.

- The performance of the Nomination and Remuneration Committee in the past year is detailed in Attachment 5 to Form 56-1, or under the heading "Report of the Nomination and Remuneration Committee" in the Company's Annual Report.
 - The remuneration for directors and management is detailed under the heading "Directors' and Management's Remuneration" in Form 56-1 and in the Company's Annual Report.
- 4.6 In 2013, the Company made full disclosure of information within the time frame specified in the regulations of the SET and the SEC. In addition, neither the SET nor the SEC challenged that the Company had failed to comply with any disclosure requirement.
- 4.7 The Head of Group Internal Audit was appointed as a channel for stakeholders to communicate critical corporate issues with the Company to ensure report from whistle blowers will be professionally and independently addressed, assessed and investigated. Additionally the Whistle Blowing Evaluation Team, comprising of members of Audit and Risk Committee and Head of Group Internal Audit, was set up to evaluate the reports from whistle blowers, assess and review the nature of the complaints, and set the direction of the investigation, where necessary. An appropriate timeframe to consider the complaints is set and the secrecy and the protection of those who file the complaints will be observed. Results and conclusion of the investigation shall be reported to the Board of Directors. No complaint on ethics was made in 2013.

5. Board Responsibility

5.1 Board Structure

5.1.1 Members of the Board and Terms of Directorship

The Company's Board of Directors currently comprises 12 members, 4 of whom are Independent Directors namely Mr. Vudhiphol Suriyabhivadh, Mr. Udom Vichayabhai, Dr. Jingjai Hanchanlash and another Independent Director position, which is currently vacant (resulting from the resignation of Dr. Satit Rungkasiri), representing one-third of the total Board members. The Board comprises business leaders and professionals with financial, accounting, legal and business management backgrounds.

The Company's policy to fix the term of office of directors is under Article 14 of the Company's Articles of Association which stipulated that at each annual general meeting, one-third of directors shall retire from office and that the director who has been longest in the office shall retire. Therefore, the term of office of a director of the Board shall be 3 years. Retiring directors would be eligible for re-election.

5.1.2 Definition of "Independent Director"

"Independent Directors" means the persons who have all the necessary qualifications and independence in accordance with and equivalent to the criteria set by the Capital Market Supervisory Board. At present, the said regulation prescribes that the qualifications of an Independent Director are as follows:

- (a) holding shares not exceeding 1 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
- (b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than 2 years prior to the date of appointment;
- (c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
- (d) not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any person having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than 2 years prior to the date of appointment.

The term 'business relationship' in the aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- (e) neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than 2 years from the date of appointment;
- (f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than 2 years from the date of appointment;
- (g) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

- (h) not operating any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding 1 percent of the total number of voting rights of any other company operating a business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
- (i) not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under (a) to (i) of paragraph one, the independent director may be assigned by the board of directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest on the condition that such decision must be a collective one.

5.1.3 Nomination of Directors

Each candidate for a Company directorship must have the qualifications prescribed by the SET, the SEC and the Public Limited Companies Act, and must be nominated by the Nomination and Remuneration Committee. Additional details are described under the heading "Method of Appointment and Removal of Directors as included in the Company's Articles of Association".

5.1.4 Aggregation or Separation of Positions - Chairman of the Board and Chief Executive Officer

Currently, Mr. Ho KwonPing is the Chairman of the Board and the Chief Executive Officer of the Company. He is closely associated with the Group's success. The Board is of the view that the current structure is appropriate and adequate given that Mr. Ho KwonPing has been able to effectively and competently execute the responsibilities of both the Chairman of the Board and Chief Executive Officer positions.

5.2 Sub-Committees

The Board approved the establishment of two sub-committees comprising all Independent Directors to assist the Board to screen details in order to achieve operational efficiency. Additionally, in order to perform their duties transparently and independently, the Chairman of the Board is neither a Chairman nor a member of both committees as follows:

5.2.1 Audit and Risk Committee

The Audit and Risk Committee comprises three independent directors, one of whom has adequate expertise and experience to review the creditability of the financial reports by reviewing the financial reports of some listed companies in the Stock Exchange of Thailand. The members and the scope of duties and responsibilities of the Audit and Risk Committee have been disclosed under the heading "Management Structure" in Form 56-1 and in the Company's Annual Report.

5.2.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three independent directors, thus forming a strong and independent element which will enable decisions on nomination and remuneration to be made independently. Members and the scope of duties and responsibilities of the Nomination and Remuneration Committee have been disclosed under the heading "Management Structure" in Form 56-1 and in the Company's Annual Report.

5.3 Role, Duty and Responsibility of the Board

5.3.1 Corporate Governance Policy

The Company is committed to maintaining high standards of good corporate governance within the Company. The Company has adopted and is continuously developing a set of good corporate governance practices and policies which are modeled on the 2006 principles of good corporate governance for listed companies advocated by the SET. The Company has also adopted and continues to apply the Code of Corporate Conduct approved by the Board of Directors and communicated throughout the organization. The Standard Operating Procedures have also been documented and applied by the Company. In addition, new internal rules and regulations with an aim to continuously improve the good corporate governance of the Company are approved and announced from time to time.

5.3.2 Code of Corporate Conduct

The Board of Directors has approved the Code of Corporate Conduct to set the framework for its officers, executive directors, associates and agents to act in business matters solely for the benefit of the Company and not enter into any business or other transactions which cause or appear to cause a conflict of interest between him/her and a hotel within the group, the Company/subsidiary, owning company or any other related parties. The Code of Corporate Conduct was distributed and communicated to all relevant persons in order to understand and to strictly adhere to the Code accordingly. The Code was drafted based on the highest level of business ethics and law compliance.

During 2013, the Company's Board of Directors was not aware of any claim or allegation that the Company's Code of Corporate Conduct was disobeyed.

5.3.3 Leadership and Vision

The Board's primary functions are to set and annually review vision, mission, corporate policy and overall strategy for the Company and to provide effective oversight of the management of the Company's business and affairs.

The delegation of authority by the Board to the management is clear. All major investments require approval as follows:

- Investments more than USD 10 million to be approved by the Board.
- Investments between USD 5 million to USD 10 million to be jointly approved by the Chief Executive Officer and any one of the directors.
- Investments less than USD 5 million to be approved by the Chief Executive Officer.

The approval to enter into a significant transaction by the Company's Board of Directors and/or shareholders' meeting as well as all information disclosure must comply with rules and regulations of the Stock Exchange of Thailand and/or the Capital Market Supervisory Board.

Duties and responsibilities of the Board have been disclosed under the heading "Management Structure" in Form 56-1 and the Company's annual report.

5.3.4 Conflict of Interest

Transactions between the Company and its related parties which may give rise to a conflict of interest are scrutinized by the Audit and Risk Committee and if necessary, the approval to enter into such transactions is sought from the Board of Directors and/or shareholders. Any director or management who has an interest in, or is related to, such transaction will not participate in the decision-making process.

Such transactions are made on terms and pricing that has been negotiated on an arm's length basis. In the event that the price is unavailable, the Company will then rely on the report of an independent appraiser appointed by the Company to value important related party transactions to arrive at a pricing which is fair to both the Company and the related party.

All related party transactions are disclosed clearly and accurately. Details are further described under the heading "Related Party Transactions" in Form 56-1 and under the heading "Persons with Mutual Interest and Connected Transactions" in the Company's Annual Report.

5.3.5 Internal Audit and Control

The Company realizes the significance of effective system of control, such as Standard Operating Procedures, particularly in management and operations. Hence, the duties and responsibilities of the employees and the management are clearly defined. The Company has put in place policies to safeguard the Company's assets and duties between the operators and the appraisal which are clearly separated for effective checks and balances. Furthermore, the Company has also implemented internal audit of the financial and information technology systems.

Internal Audit

Internal audit is an independent function within the Company which reports directly to the Audit and Risk Committee on audit matters and to the Managing Director on administrative matters. Internal audits are performed to assist the Board and Management in the discharge of their corporate governance responsibilities and to improve and promote effective and efficient business processes within the Group. The internal auditor plans its internal audit schedules annually in consultation with, but independent of, Management and its plans are submitted to and approved by the Audit and Risk Committee. The Audit and Risk Committee reviews the activities of the internal auditors on a quarterly basis to ensure it is adequately resourced; and has appropriate standing within the Company to perform its role effectively.

Enterprise Risk Management

In 2005 the Company appointed an external consultant to assist management in implementing a Risk Management framework for the business of the Company. The Risk Management framework covers all aspects of the Company's operations to enable significant business risks within the Group's current business environment to be identified, assessed, monitored, managed and evaluated. As part of the on-going risk management process, the Company's Group Risk Committee annually conducts a risk assessment, evaluation and treatment; considers the adoption of adequate and cost-effective system of internal controls to mitigate significant business risks; and provides for significant risks to be managed through regular reviews by the Company's Group Risk Committee and the Audit and Risk Committee. The Audit and Risk Committee has reviewed the Group's risk management processes and procedures and is satisfied that there are adequate internal controls in place to manage the significant risks identified.

5.3.6 Meetings of the Board and Committees

1. The Board

The Company conducts Board meetings at least 4 times a year on a quarterly basis which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. In 2013, the Company conducted 4 Board meetings and the attendance of all directors is as shown below.

Name		Number of Attendances
Mr. Ho	KwonPing	4
Mr. Surapon	Supratya	4
Mr. Vudhiphol	Suriyabhivadh ¹	4
Dr. Jingjai	Hanchanlash	4
Mr. Udom	Vichayabhai	4
Vacant ²		–
Mr. Ho	KwonCjan	4
Mr. Ariel	P. Vera	4
Mr. Eddy	See Hock Lye	4
Mr. Ho	Ren Hua	3
Mr. Shankar	Chandran	4
Mr. Stuart	David Reading	4

¹ Mr. Vudhiphol Suriyabhivadh was appointed as a Nomination and Remuneration Committee Member of the Company, replacing Dr. Satit Rungkasiri who resigned, in accordance with the resolution of the Board of Director's Meeting on the 11 November 2013.

² Dr. Satit Rungkasiri, an Independent Director who is also a Nomination and Remuneration Committee Member of the Company, resigned from his positions with effect from 10 July 2013. The Independent Director position is presently vacant and the Company is in the process of seeking a qualified candidate to fill the position.

The Board is of the view that the contribution of each director should not be focused only on his or her attendance at Board and/or Committee meetings. A director's contribution may also extend beyond the confines of the formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

2. Audit and Risk Committee

The Company conducts regular scheduled Audit and Risk Committee meetings on a quarterly basis at least 4 times a year, prior to the Board meeting, which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. In 2013, the Company conducted 4 Audit and Risk Committee meetings. Each of the Audit and Risk Committee members attended all the meetings as follows:

Name		Number of Attendances
Mr. Vudhiphol	Suriyabhivadh	4
Mr. Udom	Vichayabhai	4
Dr. Jingjai	Hanchanlash	4

In addition, in 2013, the Audit and Risk Committee attended 1 non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

3. Nomination and Remuneration Committee

The Company conducts Nomination and Remuneration Committee at least 2 times a year. The meetings are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. In 2013, the Company conducted 4 Nomination and Remuneration Committee meetings. Each of the Nomination and Remuneration Committee members attended the meetings as follows:

Name		Number of Attendances
Dr. Jingjai	Hanchanlash	4
Mr. Udom	Vichayabhai	4
Mr. Vudhiphol	Suriyabhivadh*	-

* Mr. Vudhiphol Suriyabhivadh was appointed as a Nomination and Remuneration Committee Member of the Company, replacing Dr. Satit Rungkasiri who resigned, in accordance with the resolution of the Board of Directors' Meeting on 11 November 2013.

5.3.7 Board of Directors' Report

1. Financial Report

The Board of Directors is accountable to its shareholders for the Company's financial statements as well as the financial information as shown in the Annual Report. The Board of Directors is satisfied that the Company's financial statements are prudently prepared in accordance with generally accepted accounting principles and are independently reviewed by the external auditors every quarter with a full audit performed at each year-end. Additionally, the Audit and Risk Committee has been tasked to independently review the Company's financial report and internal control practices directly with the auditors. All pertinent information relating to the financial statements is clearly and completely disclosed in the accompanying notes.

Details are described under the heading "Internal Control and Risk Management" in Form 56-1 and under the heading "Opinion of the Board of Directors on the Company's Internal Control" and the "Board of Directors' Responsibility for the Company's Financial Statements" in the Company's Annual Report.

2. Minutes of Meetings

The minutes of the meetings of the Board and other committees are accurately and completely recorded in all material aspects addressed at each meeting, including the questions, opinions and clarifications. The Company has a safe and secure filing system in place to keep the minutes of meetings and other supporting documents.

5.3.8 Development of Directors and Management

The Company's directors, management and employees are constantly encouraged to develop their skills by attending various seminars and training courses organized by various organizations, e.g. the Thai Institute of Directors Association, the SET and the SEC, etc. Seminars and training courses are periodically forwarded to them. Furthermore, relevant information is regularly provided to the directors so that they are kept abreast of latest developments thus enabling them to make informed decisions. Details of the training previously undertaken by each director are set out in Attachment 1 to Form 56-1 and under the heading "Board of Directors, Management, Head of Group Internal Audit and Company Secretary of the Company" in the Company's Annual Report.

SUPERVISION

ON THE USE OF INSIDE INFORMATION

In order to prevent the misuse of confidential and price-sensitive corporate information, the Board of Directors of the Company approved the policy on dealing in securities of the Company which prohibits any directors, management and employees, regardless of rank, from disclosing or using such confidential and price-sensitive corporate information for personal gain or for any other reason not in the Company's interest or dealing in the Company's securities while in possession of unpublished confidential and price-sensitive information. Employees are prohibited to trade in the Company's shares during the "Embargo Period" which is defined as 2 weeks before and up to the date of announcement of results for each of the first three quarters of the Company's financial year, and 1 month before and up to the date of announcement of the full-year financial results. The policy and reminder of the embargo period is communicated to directors, management and employees on an annual and quarterly basis to strictly comply with this policy. Confidential and price-sensitive information is also restricted to only directors, management and those officers who have a direct responsibility over such matters. Any violation of this policy shall be subject to disciplinary actions under the working regulation. Additionally, the Company monitors the trading of the Company's securities by its directors, and senior management who are required to report to the Board of Directors on a quarterly basis on the holding of the Company's securities and in accordance with the rules of the Securities and Exchange Commission.

Economy and Tourism in Thailand

As most of the Company's revenue is generated from tourism and property sales in Thailand, the Company has exposure to both the world and Thai economies and the tourism industry in Thailand. Any conditions, such as changes in the attractiveness of Thailand as a tourism destination, an economic downturn, acts of terrorism, natural disasters, increased levels of criminal activity, civil unrest or epidemics which affect tourism in Thailand or result in a depression in property values in Phuket, may have an adverse effect on the Company's business, financial condition and performance.

The global financial crisis and the prolonged Thai political turmoil in recent years revealed the Company's vulnerability and confirmed the Company's concerns that it has too much exposure in Phuket and Thailand. The Company continually seeks new markets in order to limit reliance on a single or few markets.

Political Uncertainty

Thailand's tourism industry has been adversely impacted in recent years from ongoing political tensions in Thailand. Such events were internationally publicized and created a negative perception of Thailand as being a safe place to travel for foreign tourists and for investors to invest. Political uncertainty in Thailand may adversely impact the tourism sector and investor sentiment.

Interest Rate Fluctuation

The Company's exposure to interest rate risk relates primarily to the deposits with financial institutions, long-term trade accounts receivable and bank overdrafts and loans. Most of the financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market rates as disclosed in the notes of the financial statements and the interest rate risk is not expected to be significant. The Company does not use derivative financial instruments to hedge such risk.

Foreign Currency Fluctuation

The exchange rate of the Thai Baht as compared to the currencies in the US, UK and European markets has the potential to impact the pricing and affordability of products and services of the Company for such market segments.

Land Title

In recent years, there have been a number of disputes in Thailand relating to property owners having valid title to their properties. Although the Company is confident that it has valid title to all the land upon which it operates or which is for sale by it in Thailand, there can be no assurance that other parties will not challenge the claim of title. Even if such challenges are not successful, they may have a material adverse effect on the property sales business in Thailand if purchasers express concern that the Company is unable to transfer good title to them.

Thai Labour Laws

Nearly all of the employees are based in Thailand. Labour laws in Thailand are highly protective of employees. Under Thai labour laws, the Company is generally prohibited from discharging employees without compensation absent gross misconduct,

neglect, or acts of dishonesty. As such, the Company has limited measures at disposal to reduce headcount in order to increase efficiencies, reduce costs or achieve similar objectives. During crises in recent years such as the global economic crisis, the Company was restricted from dismissing employees and could only institute a voluntary unpaid leave program. The Company has been restricted in the past and expects in the future to be limited to using voluntary separation plans where the Company is required to pay high amounts of severance pay and similar measures under which selected employees may elect to leave the Company in return for lump-sum compensation packages and other benefits.

Operating Risks Inherent in the Hospitality Industry

The hotels are subject to operating risks inherent in the hospitality industry. These risks include:

- Seasonality of the industry in that the Company is subject to different levels of tourism and business/commercial travel across the year, and thereby the revenues tend to vary within the year.
- Competition from new resorts and hotels both locally and within the region.
- The dependence on travel patterns and destination preferences.
- Changes in regulatory conditions in Thailand.
- Periodic local oversupply of or reduced demand for guest accommodation, which may adversely affect occupancy rates and actual room rates achieved.
- Changes in general, regional and local economic conditions which may affect, among other things, the disposable income of consumers and the traveling public and which may not be offset by increased revenues.
- Regional and local political and social conditions affecting market demand, including crime, civil disorder and terrorism.
- Epidemics affecting the travel and tourism industries.
- Travel advisories cautioning people to defer and/or avoid travel.
- Foreign exchange rate movement.
- Convenience of access to Thailand and in particular the airline capacity into Thailand and Phuket.
- Adverse weather conditions and natural disasters.

Operating Risks Inherent in the Property Industry

The property sales business is subject to operating risks inherent in the property industry. These risks include:

- Changes in general, regional and local economic and political conditions which may affect, among other things, the disposable income of buyers and their confidence in the property market.
- The difficulty in obtaining local bank financing by foreign buyers which may affect the future demand for properties.
- The ability to generate sustainable investment returns which may affect the future demand for properties.
- Foreign exchange rate movements which may affect the pricing and affordability of property for foreign buyers.
- Developing new and innovative product designs which will appeal to buyers.
- Provision of high quality after sales services to retain strong brand loyalty and buyer satisfaction.
- Changes in regulatory conditions in Thailand which may impose restrictions on buyers, future development of land or types of product offerings.
- Rising construction costs which may affect operating margins if selling prices cannot be adjusted accordingly.
- The ability to source and retain quality building contractors who can deliver a quality product on time.

Any of these factors could have an adverse effect on the business and management monitor each of these closely so that the strategies can be quickly adapted to any changes in the operating environment.

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Persons with Mutual Interest and Connected Transactions

Transactions between the Company and its subsidiaries with related parties including the amounts paid and received, and the terms of the transactions are included in note 11 to the financial statements. Such transactions are disclosed and grouped by type of transaction.

Additional information relating to the significant transactions which are greater than Baht 1 million are the name of the persons with mutual interest and the necessity and reasonableness of the transactions. This is disclosed as follows:

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2013

(Unit: Million Baht)

	Payee	Payer	Transactions in 2013	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Transactions with associate	LBTH	LBTH	3	BTH	B	ESHL, HRH	Convenience of guest's payment
	LBTH	LBTH	1	BTH	B	ESHL, HRH	Convenience of payment
	LBTH	LBTH	1	BTH	B	ESHL, HRH	Providing the hotel facility of a high class retail outlet
	LBTH	LBTH	2	BTH	B	ESHL, HRH	Purchase of guests supplies for the hotel
	LBTH	LBTH	85	BTH	B	ESHL, KCH	Dividend received from investment in associate
Transactions with related companies							
	TWPL	BTRS(T)	1	BTRS(T)	C	ESHL, KCH	Convenience of guest's payment
	BTRS(T)	BGL	21	BTRS(T)	C	ESHL, KCH	Convenience of guest's payment to promote
	BTRS(T)	LBTL	56	BTRS(T)	C	ESHL, KCH	Laguna Phuket resort integration
	BTRS(T)	LHC	1	BTRS(T)	C	-	
Management fees expenses	BTRS(T)	LVL	1	BTRS(T)	C	ESHL	
	BTRS(T)	TWPL	21	BTRS(T)	C	ESHL, KCH	Convenience of guest's payment
	ADPL	PKRD	20	BTH	B	ESHL	Architectural and Interior Design Services for construction of Laguna Shores projects and Sale gallery of property sale division.
	BTHR	BGL	27	BTH	B	ESHL	For the use of "Angsana" trademark and all proprietary rights associated with it
	BTHR(T)	BGL	33	BTRS(T)	C	ESHL	Expertise in managing hotels - Management fees are in line with industry standards.

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2013 (Cont.)

(Unit: Million Baht)

	Payee	Payer	Transactions in 2013	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Management fees expenses	BTMG	BGL	29	BTH	B	ESHL	Centralised marketing to promote "Angsana" brand and facilitate room reservation from the centralized system.
	BTCO(S)	BTG(T)	1	BTH	A, B	ESHL	For the use of "Banyan Tree" and "Angsana" trademarks and all proprietary rights associated with them
	BTHR	LBTL	19	BTH	B	ESHL	For the use of "Banyan Tree" trademark and all proprietary rights associated with it
	BTHR(T)	LBTL	37	BTRS(T)	C	ESHL	Expertise in managing hotels - Management fees are in line with industry standards.
	BTMG	LBTL	17	BTH	B	ESHL	Centralised marketing to promote "Banyan Tree" brand and facilitate room reservation from the centralized system.
	BTHR	TWPL	28	BTH	B	ESHL	For the use of "Banyan Tree" trademark and all proprietary rights associated with it
Purchase of spa vouchers	BTHR(T)	TWPL	32	BTRS(T)	C	ESHL	Expertise in managing hotels - Management fees are in line with industry standards.
	BTMG	TWPL	29	BTH	B	ESHL	Centralised marketing to promote "Banyan Tree" brand and facilitate room reservation from the centralized system.
	BTS	BTG(S)	1	BTH	A, B	ESHL	Vouchers to use spa service at the Banyan Tree Spa and Angsana Spa provided to management as a benefit
	BTS	LBTL	2	BTH	B	ESHL	
	BTS	LRH	3	BTH	A	CSH, ESHL	
	BTS	TWPL	1	BTH	B	ESHL	
Sale of gallery vouchers	BTG(S)	BTS	3	BTH	A, B	ESHL	Vouchers to buy goods from the Banyan Tree Gallery and Angsana Gallery
	BTG(S)	BTCO(S)	2	BTH	A, B	ESHL	Purchase of goods for their sales & marketing gifts
Sale of goods	BTG(T)	HVRS	5	BTH	A, B	ESHL	Purchase of guest supplies for the hotel
	BTG(T)	BTRS(T)	2	BTRS(T)	C	CSH, ESHL, KCH, KR	Purchase of supplies for the spa operation and outlets
	BTG(T)	HSD	1	BTH	A, B	CSH	Purchase of guest supplies for the hotel

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2013 (Cont.)

(Unit: Million Baht)

	Payee	Payer	Transactions in 2013	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Sale of goods	BTG(T)	MA	2	BTH	A, B	ESHL	Purchase of guest supplies for the hotel
	BTG(T)	MBPL	5	BTH	A, B	ESHL	
	BTG(T)	PTMB	2	BTH	A, B	ESHL	
	BTG(T)	PTBH	6	TRL	C	KCH	
	BTG(T)	VM	5	BTH	A, B	ESHL	
Reimbursement receipts	AVCI	PTBH	2	TRL	C	-	Convenience of payment
	BTG(S)	BTCO(S)	6	BTH	A, B	ESHL	
	BTG(S)	BTS	3	BTH	A, B	CSH, ESHL	
	BTG(T)	HVRS	6	BTH	A, B	ESHL	
	LBTL	BTHR(T)	1	BTRS(T)	C	ESHL	
	LBTL	BTI	2	BTH	B	ESHL	
	LBTL	BTRS(T)	8	BTRS(T)	C	ESHL, KCH	
	LGL	LVCL	8	BTH	B	ESHL	
	LRH	BTCO(S)	1	BTH	A	ESHL	
	LRH	BTH	1	BTH	A	APV, KPH	
	TWPL	BTHR(T)	7	BTRS(T)	C	ESHL	
	TWPL	BTRS(T)	7	BTRS(T)	C	ESHL, KCH	
Reimbursement payments	BTH	LRH	2	BTH	A	APV, KPH	Convenience of payment
	BTH	LBTL	1	BTH	B	-	
	BTCO(S)	BTG(S)	2	BTH	A, B	ESHL	
	BTCO(S)	LBTL	2	BTH	B	ESHL	
	BTCO(S)	LRH	1	BTH	A	ESHL	
	BTHR(T)	BGL	5	BTRS(T)	C	ESHL	
	BTHR(T)	LBTL	7	BTRS(T)	C	ESHL	
	BTHR(T)	TWPL	4	BTRS(T)	C	ESHL	
	BTMG	LBTL	15	BTH	B	ESHL	
	BTMG	TWPL	1	BTH	B	ESHL	
	BTRS(T)	BTG(T)	4	BTRS(T)	C	CSH, ESHL, KCH, KR	

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2013 (Cont.)

(Unit: Million Baht)

	Payee	Payer	Transactions in 2013	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Reimbursement payments	BTRS(T)	LBTL	4	BTRS(T)	C	ESHL, KCH	Convenience of payment
	GPS	PKRD	2	BTH	B	ESHL	
	PTBH	AVCI	4	TRL	C	-	
	WLH	LBTG	1	BTH	B	HRH	
Rent and service income	BGL	BTRS(T)	2	BTRS(T)	C	ESHL, KCH	Angsana Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing.
	LBTL	BTRS(T)	15	BTRS(T)	C	ESHL, KCH	Banyan Tree Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing.
	TWPL	BTRS(T)	10	BTRS(T)	C	ESHL, KCH	
	TWPL	TDC	2	-	-	CH	Rental of the corporate head office
	TWPL	TWFP	6	-	-	CH, KCH	- The building is well located and has good amenities.
Rent and service expense	BTI	BTG(s)	1	BTH	B	ESHL	Rental of the office
							- The building is well located and has good amenities.
Rental return on hotel units	CGL	PTBH	4	TRL	C	-	Purchase of units to set up a Holiday Club operation in the Angsana Resort & Spa Bintan. A very good rental return is being received from the hotel prior to the units being required for the operation.
Resort service income	LSC	BTRS(T)	8	BTRS(T)	C	ESHL, KCH	Centralization of facilities and services to each operation in Laguna Phuket
Spa service expenses	BTRS(T)	LHC	1	BTRS(T)	C	-	Purchase of spa vouchers for using as a marketing tool
Training charges	BTHR(T)	BGL	2	BTRS(T)	C	ESHL	Centralized training for Laguna Phuket staff of all operations and allocated based on actual cost
	BTHR(T)	LBTL	3	BTRS(T)	C	ESHL	
	BTHR(T)	LRH	1	BTRS(T)	C	CSH, ESHL	
	BTHR(T)	TWPL	1	BTRS(T)	C	ESHL	
Transactions with management and directors	TWPL	KPH	1	KPH	Chairman of the Board of Parent Company (LRH)	-	Interest charges on financial assistance provided to employees for acquisition of a property developed by the Company or its subsidiaries

Transactions within the Group and a Company which is owned by Persons with a Mutual of Interest more than 10 percent in Year 2013

(Unit: Million Baht)

	Payee	Payer	Transactions in 2013	Person(s) with Mutual Interest	Nature of Relationship	Directors with Common Interest	Necessity / Reasonableness
Inter resort charges	BTG(T)	BGL	2	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	Convenience of guest's payment to promote Laguna Phuket resort integration
	BTG(T)	LBTL	10	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	
	BTG(T)	LGL	4	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	
	BTG(T)	TWPL	2	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	Convenience of guest's payment
Purchase of gallery vouchers	BTG(T)	LHC	1	BTH	A, B	CH, SDR	Purchase of gallery vouchers for using as a marketing tool.
Purchase of goods	BTG(S)	LBTG	4	BTH	A, B	ESHL	Central purchasing to facilitate bulk purchasing for competitive pricing
	BTG(T)	BTG(S)	1	BTH	A, B	CSN, ESHL, SDR	
	BTG(T)	LBTG	4	BTH	A, B	ESHL	
	BTG(T)	BGL	12	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	Purchase of guests supplies for the hotel
	BTG(T)	LBTL	14	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	
Reimbursement of costs	BTG(T)	TWPL	8	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	Convenience of payment
	BTG(S)	BTG(T)	8	BTH	A, B	CSN, ESHL, SDR	
	LBTL	BTG(T)	1	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	
	TWPL	BTG(T)	2	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	
Rent and service	LBTL	BTG(T)	3	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	Providing the hotel facility of a high class retail outlet
	TWPL	BTG(T)	4	BTH	A, B	AU, CH, ESHL, KCH, NT, SDR	

Remarks: A Major shareholder
B Major shareholder of parent company (LRH)
C The company in which the major shareholder of LRH is its major shareholder

Abbreviations

ADPL	Architrave Design & Planning Services Pte. Ltd.	LBTL	Laguna Banyan Tree Limited
AVCI	PT. AVC Indonesia	LGL	Laguna Grande Limited
BGL	Bangtao Grande Limited	LHC	Laguna Holiday Club Limited
BTCO(S)	Banyan Tree Corporate Pte. Ltd.	LRH	Laguna Resorts & Hotels Public Company Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd.	LSC	Laguna Service Company Limited
BTG(T)	Banyan Tree Gallery (Thailand) Limited	LVCL	Laguna (Vietnam) Company Limited
BTH	Banyan Tree Holdings Limited	LVL	Laguna Village Limited
BTHR	Banyan Tree Hotels & Resorts Pte. Ltd.	LSC	Laguna Service Company Limited
BTHR(T)	Banyan Tree Hotels & Resorts (Thailand) Limited	MA	Maldives Angsana Pvt Ltd.
BTI	Banyan Tree Investment Pte. Ltd.	MBPL	Maldives Bay Pvt Ltd.
BTMG	Banyan Tree Marketing Group Pte. Ltd.	PKRD	Phuket Resort Development Limited
BTRS(T)	Banyan Tree Resorts & Spas (Thailand) Company Limited	PTBH	PT Bintan Hotels
BTS	Banyan Tree Spas Pte. Ltd.	PTMB	PT Management Banyan Tree Resorts & Spas
CGL	Cheer Golden Limited	TDC	Tapioca Development Corporation Limited
GPS	GPS Development Services Pte. Ltd.	TRL	Tropical Resorts Limited
HSD	Heritage Spas Dubai LLC	TWFP	Thai Wah Food Products Public Company Limited
HVRS	Hill View Resorts (Seychelles) Limited	TWPL	Thai Wah Plaza Limited
LBTG	Lijiang Banyan Tree Gallery Trading Co., Ltd.	VM	Vabbinvest Maldives Pvt. Ltd.
LBTH	Lijiang Banyan Tree Hotel Co., Ltd.	WLH	Wanyue Leisure Health (Shanghai) Co., Ltd.

Initials

APV	Mr. Ariel P Vera	HRH	Mr. Ho Ren Hua
AU	Ms. Areewan Umpornpaiboon	KCH	Mr. Ho KwonCjan
CH	Mr. Kuan Chiet	KPH	Mr. Ho Kwon Ping
CSH	Mr. Shankar Chandran	KR	Ms. Kanruethai Roongruang
CSN	Ms. Chiang See Ngoh Claire	NT	Mr. Niyom Tassaneetipagorn
ESHL	Mr. Eddy See Hock Lye	SDR	Mr. Stuart David Reading

Reference for Valuation Price / Rental Fee Compared to 3rd Parties

Transaction Type	Justification for Transactions
Retail Rental	<ul style="list-style-type: none"> - Rental rate set on a square metre basis is in line with market rate. - The majority of the rental of Banyan Tree Gallery, Spa and restaurants are contracted on a percentage of revenue basis and have been separately negotiated with the management of each hotel operation. - Spa contracts being negotiated with other unrelated hotel operators are also structured on a percentage of revenue basis i.e. this is the general rental policy applied by the Banyan Tree Group.
Office Rental	<ul style="list-style-type: none"> - Rental rate is in line with market rate. Generally in the upper range if compared to the same type of building in a similar location. - Terms and conditions in the agreement are similar to other customers and the market. - Service fee has been separated from rental for tax reasons.
Land Rental	<ul style="list-style-type: none"> - Land lease rates are very different in the market depending on the location and type of land. - Net present value calculation of rent charged has been compared to valuations as performed by an independent property valuer.

Procedures for approving related party transactions

It is the Group's policy to ensure that there is no conflict of interest when related party transactions are executed. All existing related party transactions are communicated by each of the operations on a quarterly basis and reviewed by management. New proposed related party transactions are identified by and/or communicated to higher level management and the transactions are approved by either senior management, directors or the shareholders in accordance with the requirements of the SET and SEC. All new significant related party transactions are presented to the Audit and Risk Committee for opinion which includes demonstrating that the transaction is on commercial terms and on an arm's length basis. Once recommended by the Audit and Risk Committee the transaction will be proposed to the Board of Directors or the Board of Directors and shareholders for approval. Interested directors do not take part in approving the transaction.

Future policy or tendency of related party transactions

It is the intention of the Company to minimise the incidence of related party transactions wherever practicable. However given the nature of the Group structure and the Groups' business it is not possible to cease many of the current transactions. As a result, the Group's future policy is geared towards ensuring that all current and future transactions are necessary and are on commercial terms and on arm's length basis.

Breach of the Condominium Sale and Purchase Agreement, principal and agent, wrongful act and claim of damages

Black case No. 2290/2552 between:

Allamanda 1 Condominium Juristic Person and 9 Unit Owners
Laguna Grande Limited, Bangtao Development Limited,
Bangtao (1) Limited, Bangtao (2) Limited, and 10 individual directors

“Plaintiffs”
“Defendants”

Background

This 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 from Laguna Grande Limited during 1991–1995. The plaintiffs claimed the Sale and Purchase Agreement called for an 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 a result, the plaintiffs claimed the 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 Condominium Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 131,913,000 in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 55,685,895 for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. Total amount of claim is Baht 187,598,895 with interest at the rate of 7.5 percent per annum from the date of the claim is lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, and therefore must also be jointly liable with those subsidiaries. On 5 April 2011, the plaintiffs filed a petition with the Court seeking the Court's interim injunction of which the defendants shall not dispose or amend the status of 9 plots of land in dispute with the land registry office during the trial. On 20 January 2012, the Court granted the interim injunction for the plaintiffs and ordered the defendants not to dispose or amend the status of 9 plots of land in dispute.

Both parties have completed the taking of evidences and hearing of witnesses. The Court initially set the hearing of judgment on 7 February 2014 but on the day the Court postponed the hearing to 28 March 2014

The Present Circumstances

This case is currently pending at the Phuket Provincial Court of First Instance.

Opinion of the Lawyer

The lawyer considers that the Company did not breach the Sale and Purchase Agreement nor commit a wrongful act against the prosecutors as accused.

The Management Opinion

As per the opinion of the lawyer above.

REPORT

OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of Laguna Resorts & Hotels Public Company Limited comprises 3 independent directors and is empowered to:-

- review the Company's financial reports, internal control and internal audit systems, connected transactions and compliance with all relevant regulations and laws;
- recommend special audit plans to the internal auditor;
- advise management on matters related to the principles of good corporate governance;
- recommend the appointment of the Company's external auditors and their remuneration;
- review or discuss policies regarding risk assessment and risk management and the steps management has taken to monitor and control such exposures; and
- seek to oversee and ensure a continuous process for managing risk.

During 2013 the Audit and Risk Committee convened 4 meetings, with the Company's external auditors and internal auditors including the management to review compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. These meetings also included discussions with the Company's internal audit team to review and advise on its findings and to follow up on matters arising from the schedule of work that the Audit and Risk Committee had approved the internal auditor to undertake during 201, thereby ensuring that this work was both sufficient and effective. Apart from this, the Audit and Risk Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

Each of the Audit and Risk Committee members attended all meetings convened in 2013.

With regard to risk management, the Audit and Risk Committee reviewed the risk registers of the Company's major business units with the Company's Group Risk Committee. During the review, the Audit and Risk Committee advised on mitigation measures for identified risks and checked that the risk management policies and work undertaken by the Company's Group Risk Committee continues to be adequate and effective.

The Audit and Risk Committee is satisfied that the Group's internal controls are sufficient and effective both to support its operations and to enable the external auditors to express an opinion on the financial statements that they present fairly in all material respects the financial position and results of the Group's operations. Where internal control weaknesses have been detected during the course of the Audit and Risk Committee's reviews these have not been considered material and in all cases management has been alerted and has taken appropriate corrective action.

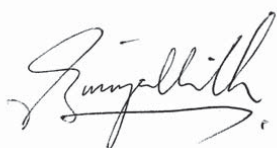
The Audit and Risk Committee is of the opinion that risk management is now well understood and practiced throughout the Group and that systems are generally in place to ensure an ongoing process of risk management.

The Audit and Risk Committee is satisfied that the Company has performed in compliance with the SEC/SET rules and regulations and the laws related to the business of the Company and that the Company has supported and continuously developed its good corporate governance principles.

Despite the complexity of the Group's structure which primarily arises from the integration of several resorts at Laguna Phuket, the Audit and Risk Committee is satisfied that all connected transactions that were reviewed by it and arose in 2013 were fair and reasonable and had been entered into on an arms-length basis applying the principles of an open market transaction between willing parties.

The interests of all shareholders remain the principal objective of the Audit and Risk Committee. The Company's operating results and financial reports are therefore reviewed for transparency and completeness. In this regard the Audit and Risk Committee has been able to satisfactorily resolve all matters arising within the terms of its Charter with both the management and the external and internal auditors.

The Audit and Risk Committee has recommended the Board to appoint Mr. Sophon Permsirivallop, Certified Public Accountant No. 3182 and/or Ms. Rungrapa Lertsuwankul, Certified Public Accountant No. 3516 and/or Ms. Rosaporn Decharkom, Certified Public Accountant No. 5659 and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant No. 4521 of Ernst & Young Office Limited to be the Company's auditors for the fiscal year 2014 with a recommended audit fee of Baht 670,000.-.



Mr. Vudhiphol Suriyabhivadh

Audit and Risk Committee Chairman

11 February 2014

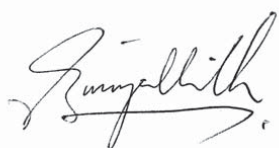
OPINION

OF THE AUDIT AND RISK COMMITTEE ON THE COMPANY'S INTERNAL CONTROL

The Audit and Risk Committee met four times in 2013 to perform its tasks as per the charter and amongst other activities, it reviewed the work of both the Company's internal and external auditors. These reviews were based upon a structured schedule of works which the Audit and Risk Committee approved annually in advance and also takes in additional reviews when it is deemed appropriate.

Throughout the year 2013, Risk Management was implemented across the Laguna Resorts & Hotels Public Company Limited group. In this regard, controls that mitigate risks to an acceptable level identified in the risk registers were seriously reviewed; additionally the process documentation review of internal controls have also been conducted to ensure that the Company has sufficient procedures and controls.

Based upon these reviews, the Audit and Risk Committee is satisfied that the Group's internal controls are sufficient both to support its operations and to enable the external auditors to express an opinion on the Company's financial statements presented fairly in all material respects, the financial position and the results of its operations.



Mr. Vudhiphol Suriyabhivadh
Audit and Risk Committee Chairman

OPINION

OF THE BOARD OF DIRECTORS
ON THE COMPANY'S INTERNAL CONTROL

Based upon the reports of work carried out by the external auditors, the Board of Directors is of the opinion that the Company's internal accounting controls are adequate and have enabled the external auditors to opine that the financial statements for the year ended 2013 are presented fairly. The Board has also taken note of and accepted the Audit and Risk Committee's report on the internal control system and therefore concludes that there are no material weaknesses in the Company's internal control system.



Mr. Ho KwonPing
Chairman of the Board

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE COMPANY'S FINANCIAL STATEMENTS

The Board of Directors is responsible for the Company's financial statements including the notes to the financial statements.

In its review of the financial statements, the Board of Directors has relied upon the reports and work performed by the Company's external auditors, Ernst & Young Office Limited, and the Company's Audit and Risk Committee which has carried out extensive discussions with management of the Company. The Board has also satisfied itself that there is no material weaknesses in the Company's internal accounting controls, internal control system and standard operating procedures.

The Board of Directors is therefore able to conclude that the financial statements for the year ended 2013 have been prudently prepared in accordance with generally accepted accounting principles to give a correct and complete presentation, in all material aspects, the financial position of the Company and its subsidiaries.



Mr. Ho KwonPing
Chairman of the Board



Dusit Laguna Residence

FINANCIAL REPORTS



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the 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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes and Note 5 to the financial statements regarding the change in accounting policy for revalued property, plant and equipment. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change. The Company has also presented consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes and accounting policy for revalued property, plant and equipment. My opinion is not qualified in respect of this matter.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 21 February 2014

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Assets							
Current assets							
Cash and cash equivalents	8	370,828,298	571,864,369	478,996,835	17,182,951	53,398,241	26,153,457
Current investment – short-term fixed deposit		10,424,865	–	–	–	–	–
Trade and other receivables	10	579,009,676	523,115,792	479,336,444	205,710,145	183,353,889	187,413,647
Inventories	12	123,132,426	133,423,556	144,839,992	–	104,634	224,390
Property development cost	13	3,414,814,251	2,387,510,437	2,631,454,014	245,054,436	245,342,887	276,087,447
Other current assets	14	204,771,602	192,237,232	195,934,056	26,924,539	30,969,734	16,031,714
Total current assets		4,702,981,118	3,808,151,386	3,930,561,341	494,872,071	513,169,385	505,910,655
Non-current assets							
Restricted deposits at financial institution	9	41,189	–	–	–	–	–
Long-term fixed deposit		2,000,000	2,000,000	–	2,000,000	2,000,000	–
Long-term trade accounts receivable	15	144,442,559	160,078,416	173,031,673	14,063,349	24,890,227	34,859,249
Investments in subsidiaries	16	–	–	–	3,479,025,077	3,479,025,077	3,408,568,104
Investments in associates	17	456,568,175	516,305,462	534,049,159	–	–	–
Other long-term investments	18	851,652,389	544,332,731	318,949,756	245,287,796	–	–
Long-term loans to subsidiaries	11	–	–	–	1,948,000,629	1,690,900,629	1,828,350,629
Long-term loans to employees	11	183,034	2,093,256	2,819,177	23,325	162,966	1,720,852
Investment properties	19	1,100,635,059	1,076,544,000	800,340,000	168,997,818	169,914,661	81,577,940
Property, plant and equipment	20	10,207,075,537	12,819,404,762	13,026,583,106	50,878,389	174,392,630	256,444,342
Deferred tax assets	32	81,588,647	86,823,203	59,239,597	–	–	–
Goodwill	16	407,903,881	407,903,881	407,903,881	–	–	–
Leasehold rights	21	22,912,903	24,765,903	26,666,372	–	–	–
Other non-current assets		69,513,824	69,944,080	70,193,196	3,041,643	3,057,237	3,132,194
Total non-current assets		13,344,517,197	15,710,195,694	15,419,775,917	5,911,318,026	5,544,343,427	5,614,653,310
Total assets		18,047,498,315	19,518,347,080	19,350,337,258	6,406,190,097	6,057,512,812	6,120,563,965

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	22	170,000,000	-	710,000,000	150,000,000	-	410,000,000
Trade and other payables	23	608,574,194	690,934,721	712,363,410	51,223,896	60,900,673	133,217,288
Current portion of long-term loans from financial institutions	25	457,000,000	422,950,743	356,523,000	70,000,000	70,000,000	70,000,000
Income tax payable		13,197,834	12,530,804	44,431,474	-	-	-
Advance received from customers		514,413,237	356,003,785	377,740,304	263,506	23,262,951	142,796,414
Other current liabilities	24	119,137,926	129,056,513	139,752,814	7,487,798	5,807,590	8,985,575
Total current liabilities		1,882,323,191	1,611,476,566	2,340,811,002	278,975,200	159,971,214	764,999,277
Non-current liabilities							
Long-term loans from subsidiaries	11	-	-	-	673,850,000	669,650,000	11,200,000
Long-term loans from financial institutions - net of current portion	25	2,513,325,819	2,974,325,820	2,134,280,743	105,000,000	175,000,000	245,000,000
Provision for long-term employee benefits	26	54,400,732	53,462,110	120,857,009	11,668,911	9,884,414	33,596,649
Deferred tax liabilities	32	2,097,827,508	2,372,356,299	2,315,673,971	153,361,368	79,245,863	66,947,098
Other non-current liabilities		97,628,519	91,163,057	79,455,379	7,888,729	11,809,524	11,488,566
Total non-current liabilities		4,763,182,578	5,491,307,286	4,650,267,102	951,769,008	945,589,801	368,232,313
Total liabilities		6,645,505,769	7,102,783,852	6,991,078,104	1,230,744,208	1,105,561,015	1,133,231,590
Shareholders' equity							
Share capital							
Registered							
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580	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	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	2,062,460,582	2,062,460,582
Capital reserve	27	568,130,588	568,130,588	568,130,588	-	-	-
Retained earnings							
Appropriated - statutory reserve	29	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		2,521,328,953	2,441,089,082	2,376,797,731	926,195,591	865,403,590	907,343,295
Other components of shareholders' equity		4,091,793,242	5,192,276,888	5,189,890,577	308,287,348	145,585,257	139,026,130
Equity attributable to owner of the Company		11,122,215,733	12,142,459,508	12,075,781,846	5,175,445,889	4,951,951,797	4,987,332,375
Equity attributable to non-controlling interests of the subsidiaries		279,776,813	273,103,720	283,477,308	-	-	-
Total shareholders' equity		11,401,992,546	12,415,563,228	12,359,259,154	5,175,445,889	4,951,951,797	4,987,332,375
Total liabilities and shareholders' equity		18,047,498,315	19,518,347,080	19,350,337,258	6,406,190,097	6,057,512,812	6,120,563,965

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

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenue					
Revenue from hotel operations		3,428,458,199	3,164,823,205	7,531,600	34,478,700
Revenue from property development operations		744,416,413	892,571,753	224,443,942	73,323,397
Revenue from office rental operations		88,542,903	92,397,575	40,632,272	42,770,398
Other income	30	91,017,516	149,486,910	237,761,550	168,189,520
Total revenue		4,352,435,031	4,299,279,443	510,369,364	318,762,015
Expenses					
Cost of hotel operations		1,687,284,556	1,539,343,133	331,660	8,129,556
Cost of property development operations		337,427,604	427,179,985	112,188,787	38,151,898
Cost of office rental operations		43,265,799	39,252,860	7,308,059	6,981,229
Selling expenses		430,518,638	399,269,560	17,179,411	11,117,136
Administrative expenses		1,695,686,105	1,611,147,043	225,328,750	257,174,571
Reversal of loss on impairment of investment	18	(245,287,794)	-	(31,161,043)	-
Total expenses		3,948,894,908	4,016,192,581	331,175,624	321,554,390
Profit (loss) before share of loss from investment					
in associate, finance cost and income tax expenses		403,540,123	283,086,862	179,193,740	(2,792,375)
Share of loss from investment in associate	17	(21,065,652)	(5,427,759)	-	-
Profit (loss) before finance cost and income tax expenses		382,474,471	277,659,103	179,193,740	(2,792,375)
Finance cost		(180,457,409)	(179,887,551)	(59,913,373)	(40,082,794)
Profit (loss) before income tax expenses		202,017,062	97,771,552	119,280,367	(42,875,169)
Income tax expenses	32	(85,378,946)	(61,126,835)	(34,282,728)	(8,340,094)
Profit (loss) for the year		116,638,116	36,644,717	84,997,639	(51,215,263)
Profit (loss) attributable to:					
Equity holders of the Company		111,788,555	19,856,929	84,997,639	(51,215,263)
Non-controlling interests of the subsidiaries		4,849,561	16,787,788		
		116,638,116	36,644,717		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	33	0.67	0.12	0.51	(0.31)

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Profit (loss) for the year		116,638,116	36,644,717	84,997,639	(51,215,263)
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		62,243,239	(6,493,235)	-	-
Actuarial gain (loss) of post-employment benefits, net of income tax	26	(10,714,023)	36,851,607	(3,370,977)	9,275,558
Unrealised gain on available-for-sales security, net of income tax	18	-	-	171,301,401	-
Addition (reversal) of revaluation surplus on assets, net of income tax	28	(1,160,903,353)	16,800,000	(8,599,310)	6,559,127
Other comprehensive income (loss) for the year		(1,109,374,137)	47,158,372	159,331,114	15,834,685
Total comprehensive income (loss) for the year		(992,736,021)	83,803,089	244,328,753	(35,380,578)
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		(999,409,114)	66,677,662	244,328,753	(35,380,578)
Non-controlling interests of the subsidiaries		6,673,093	17,125,427		
		(992,736,021)	83,803,089		

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to the owners of the Company									
	Issued and fully paid-up share capital	Share premium	Capital reserve	Retained Earnings			Other components of shareholders' equity			Equity attributable to non-controlling interests of the subsidiaries
				Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	
Balance as at 31 December 2011 - as previously reported	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,447,854,085	102,986,614	6,246,415,371	6,349,401,985	14,306,349,608	282,744,077
Cumulative effect of changes in accounting policies for:										
- income taxes (Note 4)	-	-	-	-	(519,975,569)	-	(1,710,592,193)	(1,710,592,193)	(2,230,567,762)	733,231
- revalued property, plant and equipment (Note 5)	-	-	-	-	(551,080,785)	-	551,080,785	551,080,785	-	-
Balance as at 31 December 2011 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,376,797,731	102,986,614	5,086,903,963	5,189,890,577	12,075,781,846	283,477,308
Reversal of revaluation surplus on disposal of assets	-	-	-	-	7,582,818	-	(7,582,818)	(7,582,818)	-	-
Dividend paid to non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(27,499,015)
Total comprehensive income (loss) for the year (restated)	-	-	-	-	56,708,533	(6,830,871)	16,800,000	9,969,129	66,677,662	17,125,427
Balance as at 31 December 2012 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,441,089,082	96,155,743	5,096,121,145	5,192,276,888	12,142,459,508	273,103,720
Balance as at 31 December 2012 - as previously reported	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,544,789,796	96,155,743	6,251,729,047	6,347,884,790	14,401,768,124	272,728,357
Cumulative effect of changes in accounting policies for:										
- income taxes (Note 4)	-	-	-	-	(546,412,130)	-	(1,712,896,486)	(1,712,896,486)	(2,259,308,616)	375,363
- revalued property, plant and equipment (Note 5)	-	-	-	-	(557,288,584)	-	557,288,584	557,288,584	-	-
Balance as at 31 December 2012 - as restated	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,441,089,082	96,155,743	5,096,121,145	5,192,276,888	12,142,459,508	273,103,720
Dividend paid (Note 35)	-	-	-	-	(20,834,661)	-	-	-	(20,834,661)	-
Total comprehensive income (loss) for the year	-	-	-	-	101,074,532	60,419,707	(1,160,903,353)	(1,100,483,646)	(999,409,114)	6,673,093
Balance as at 31 December 2013	1,666,827,010	2,062,460,582	568,130,588	211,675,358	2,521,328,953	156,575,450	3,935,217,792	4,091,793,242	11,122,215,733	279,776,813
										11,401,992,546

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

FOR THE YEAR ENDED 31 DECEMBER 2013

		Separate financial statements						
		Retained earnings			Other components of shareholders' equity			
		Share premium	Appropriated – Statutory reserve	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	
					Revaluation surplus on assets	Unrealised gain on available-for-sales security		
	Issued and fully paid-up share capital						Total shareholders' equity	
Balance as at 31 December 2011 – as previously reported	1,666,827,010	2,062,460,582	211,675,358	939,533,860	173,782,663	-	173,782,663	5,054,279,473
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	(32,190,565)	(34,756,533)	-	(34,756,533)	(66,947,098)
Balance as at 31 December 2011 – as restated	1,666,827,010	2,062,460,582	211,675,358	907,343,295	139,026,130	-	139,026,130	4,987,332,375
Total comprehensive income (loss) for the year (restated)	-	-	-	(41,939,705)	6,559,127	-	6,559,127	(35,380,578)
Balance as at 31 December 2012 – as restated	1,666,827,010	2,062,460,582	211,675,358	865,403,590	145,585,257	-	145,585,257	4,951,951,797
Balance as at 31 December 2012 – as previously reported	1,666,827,010	2,062,460,582	211,675,358	908,253,138	181,981,572	-	181,981,572	5,031,197,660
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	(42,849,548)	(36,396,315)	-	(36,396,315)	(79,245,863)
Balance as at 31 December 2012 – as restated	1,666,827,010	2,062,460,582	211,675,358	865,403,590	145,585,257	-	145,585,257	4,951,951,797
Dividend paid (Note 35)	-	-	-	(20,834,661)	-	-	-	(20,834,661)
Total comprehensive income (loss) for the year	-	-	-	81,626,662	(8,599,310)	171,301,401	162,702,091	244,328,753
Balance as at 31 December 2013	1,666,827,010	2,062,460,582	211,675,358	926,195,591	136,985,947	171,301,401	308,287,348	5,175,445,889

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012
Cash flows from operating activities				
Profit (loss) before income tax expenses	202,017,062	97,771,552	119,280,367	(42,875,169)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	286,246,559	292,209,092	5,779,228	8,086,075
Amortisation of leasehold rights	2,558,382	2,591,415	-	-
Allowance for doubtful accounts (reversal)	7,311,339	3,244,158	-	(180,213)
Reversal of reduction of inventory to net realisable value	(1,244,131)	(793,732)	-	-
Share of loss from investment in associate	21,065,652	5,427,759	-	-
Loss (gain) on change in fair value of investment properties	(24,091,059)	(81,204,000)	916,843	(12,204,000)
Loss (gain) on sales of property, plant and equipment	118,918	(1,501,034)	596,031	(263,779)
Write off property, plant and equipment	24,250,150	1,836,084	4,016,313	1,606,371
Dividend income from other long-term investment	(12,775,406)	-	(12,775,406)	-
Provision for long-term employee benefits (reversal)	16,314,581	(2,097,457)	1,552,327	(975,288)
Reversal of loss on impairment of property, plant and equipment	-	-	(7,356,193)	-
Reversal of loss on impairment of investment	(245,287,794)	-	(31,161,043)	-
Interest income	(25,241,453)	(34,019,414)	(133,789,932)	(120,327,540)
Interest expenses	180,457,409	179,887,551	59,913,373	40,082,794
Profit (loss) from operating activities before changes in operating assets and liabilities	431,700,209	463,351,974	6,971,908	(127,050,749)
Operating assets (increase) decrease				
Trade and other receivables	(63,677,854)	(46,760,095)	7,052,741	33,612,696
Inventories	11,535,261	12,210,168	104,634	119,756
Property development cost	52,762,084	346,714,421	111,717,451	37,256,439
Other current assets	(7,544,109)	6,692,417	10,270,143	(9,917,957)
Long-term trade accounts receivable	15,635,857	12,953,257	10,826,878	9,969,022
Other non-current assets	430,256	249,116	15,594	74,957
Operating liabilities increase (decrease)				
Trade and other payables	(82,911,506)	(20,816,220)	(11,199,888)	(73,469,792)
Advance received from customers	158,409,452	(21,736,519)	(22,999,445)	(119,533,463)
Other current liabilities	(8,776,024)	(10,696,302)	1,712,951	(3,178,854)
Provision for long-term employee benefits	(28,768,488)	(19,232,933)	(3,981,552)	(11,142,500)
Other non-current liabilities	6,465,462	11,707,678	(3,920,795)	320,958
Cash flows from (used in) operating activities	485,260,600	734,636,962	106,570,620	(262,939,487)
Cash received for interest income	25,714,083	33,756,002	104,380,931	90,954,813
Cash paid for interest expenses	(179,906,430)	(180,500,019)	(58,390,259)	(38,929,616)
Cash paid for income tax	(66,084,998)	(80,337,279)	(6,224,949)	(5,020,063)
Net cash flows from (used in) operating activities	264,983,255	507,555,666	146,336,343	(215,934,353)

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012
Cash flows from investing activities				
Increase in restricted deposits at financial institution	(41,189)	-	-	-
Increase in current investment - short-term fixed deposit	(10,424,865)	-	-	-
Increase in long-term fixed deposit	-	(2,000,000)	-	(2,000,000)
Cash paid for purchase of investments in subsidiaries	-	-	-	(70,456,973)
Cash paid for purchase of other long-term investment	(62,031,864)	(225,382,975)	-	-
Dividend received from investment in associate	85,024,714	-	-	-
Dividend received from other long-term investment	12,775,406	-	12,775,406	-
Cash received from long-term loans to subsidiaries	-	-	763,700,000	1,090,200,000
Cash paid for long-term loans to subsidiaries	-	-	(1,020,800,000)	(952,750,000)
Decrease in long-term loans to employees	1,910,222	725,921	139,641	1,557,886
Cash received from sales of property, plant and equipment	1,177,667	2,191,109	7,297,531	902
Cash paid for acquisition of property, plant and equipment	(231,909,035)	(363,823,915)	(9,029,550)	(1,822,678)
Net cash flow from (used in) investing activities	(203,518,944)	(588,289,860)	(245,916,972)	64,729,137
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institution	170,000,000	(710,000,000)	150,000,000	(410,000,000)
Draw down of long-term loans from subsidiaries	-	-	738,500,000	955,450,000
Repayment of long-term loans from subsidiaries	-	-	(734,300,000)	(297,000,000)
Draw down of long-term loans from financial institutions	103,500,000	1,285,308,500	-	-
Repayment of long-term loans from financial institutions	(530,450,744)	(378,835,680)	(70,000,000)	(70,000,000)
Payment of dividends	(20,834,661)	(27,499,015)	(20,834,661)	-
Net cash flows from (used in) financing activities	(277,785,405)	168,973,805	63,365,339	178,450,000
Net exchange differences on translation of financial statements in foreign currency	15,285,023	4,627,923	-	-
Net increase (decrease) in cash and cash equivalents	(201,036,071)	92,867,534	(36,215,290)	27,244,784
Cash and cash equivalents at beginning of year	571,864,369	478,996,835	53,398,241	26,153,457
Cash and cash equivalents at end of year	370,828,298	571,864,369	17,182,951	53,398,241

Supplemental cash flows information

Non-cash items				
Transferred property, plant and equipment to investment properties	-	195,000,000	-	76,132,721
Transferred property development cost to property, plant and equipment	72,127,546	-	-	-
Transferred property, plant and equipment to property development cost	1,152,193,444	93,292,321	111,429,000	6,511,879
Addition (reversal) of revaluation surplus on assets	(1,451,129,189)	21,000,000	(10,749,137)	8,198,909
Increase (decrease) in exchange differences on translation of financial statements in foreign currency of associate	46,353,079	(12,315,938)	-	-
Reversal of revaluation surplus on disposal of assets	-	9,478,523	-	-
Actuarial gain (loss) of post-employment benefits	(13,392,529)	46,064,509	(4,213,722)	11,594,447

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

1. General information

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

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

The Company and some of its subsidiaries' registered address is 21/11, 21/12B, 21/13 and 21/68 Thai Wah Tower I, 6th and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. Basis of preparation

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

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

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

- 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013 %	2012 %
Subsidiaries directly held by the Company				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited ⁽¹⁾	Hotel operations and property development	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited	Operating a golf club and property development	Thailand	100.0	100.0

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013 %	2012 %
Subsidiaries directly held by the Company (Continued)				
Laguna Lakes Limited	Property development	Thailand	94.9	94.9
Laguna (3) Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited ⁽²⁾	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR – Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
Subsidiaries held through TWR – Holdings Limited				
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	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owens land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Development Company Limited	Property development	Thailand	100.0	100.0
Subsidiaries held through Laguna Grande Limited				
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
Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited				
Lijiang Banyan Tree Gallery Trading Co., Ltd	Sale of merchandise	The People's Republic of China	51.0	51.0
Subsidiary held through Laguna Holiday Club Limited				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

⁽¹⁾ Laguna Banyan Tree Limited is held 49 percent by the Company and 51 percent through TWR - Holdings Limited.

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

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

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

2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

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

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though

the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4.

(b) Accounting standards that will become effective in the future

		Effective date
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases – Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets – Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of changes in accounting policy due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the change described in Note 3 to their significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position, the income statements and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Statements of financial position						
Increase in deferred tax assets	81,589	86,823	59,240	-	-	-
Increase in goodwill	26,600	26,600	26,600	-	-	-
Increase in deferred tax liabilities	2,097,828	2,372,356	2,315,674	153,361	79,246	66,947
Decrease in unappropriated retained earnings	(566,913)	(546,412)	(519,975)	(76,289)	(42,849)	(32,191)
Decrease in other components of shareholders' equity						
- revaluation surplus on assets	(1,422,671)	(1,712,896)	(1,710,592)	(34,247)	(36,397)	(34,756)
- unrealised gain on available-for-sales security	-	-	-	(42,825)	-	-
Increase (decrease) in equity attributable to non-controlling interests of the subsidiaries	(55)	375	733	-	-	-

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Income statements:				
Increase in income tax expenses	(23,617)	(15,686)	(34,283)	(8,340)
Decrease in profit attributable to equity holders of the Company	(23,187)	(15,328)	(34,283)	(8,340)
Decrease in profit attributable to non-controlling interest of the subsidiaries	(430)	(358)	-	-
Decrease in basic earnings per share (Baht)	(0.14)	(0.09)	(0.21)	(0.05)
Statements of comprehensive income:				
Decrease in actuarial (gain) loss of post - employment benefits	2,679	(9,213)	843	(2,319)

5. Cumulative effect of change in accounting policy for revalued property, plant and equipment

During the current year, the Company and its subsidiaries changed its accounting policy of depreciation recording of its property, plant and equipment ("PPE"), which presents on a revaluation basis, previously only the depreciation calculated on the original cost of PPE was charged to the income statement, as permitted by the relevant notification of the Federation of Accounting Professions, to charge depreciation on the total revalued amount to its income statement as required by TAS 16 (revised 2009) *Property, Plant and equipment*. The Company and its subsidiaries changed this accounting policy in the current year and restated the prior year's financial statements, presented for comparative purposes, as through the depreciation charged to the income statement was initially calculated on the revalued amount of PPE.

The cumulative effect of the change in accounting policy has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the income statements are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Statements of financial position			
Increase in other components of shareholders' equity – revaluation surplus on assets	561,486	557,289	551,081
Decrease in unappropriated retained earnings	(561,486)	(557,289)	(551,081)

(Unit: Thousand Baht)

	For the years ended 31 December	
	Consolidated financial statements	
	2013	2012
Income statements		
Increase in cost of hotel operations	(4,197)	(6,227)
Decrease in profit attributable to equity holders of the Company	(4,179)	(6,207)
Decrease in profit attributable to non-controlling interest of the subsidiaries	(18)	(20)
Decrease in basic earnings per share (Baht)	(0.03)	(0.04)

6. Significant accounting policies

6.1 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.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

6.6 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.

6.7 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 fair value of unit trusts is determined from their net asset value.

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

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

6.8 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.

6.9 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.

6.10 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.

6.11 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.

6.12 Related party transactions

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

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

6.13 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.

6.14 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.

6.15 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.

6.16 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 and other long-term benefits are recognised immediately in profit or loss.

The defined benefits liability and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised actuarial gains or losses.

6.17 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.

6.18 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.

7. 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 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 liquidity, correlation and longer-term volatility of financial instruments.

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 19.

Property, plant and equipment/Depreciation

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

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

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 judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Cash	6,274	6,667	182	194
Bank deposits	364,554	565,197	17,001	53,204
Total	370,828	571,864	17,183	53,398

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interest rates between 0.50 percent and 1.60 percent per annum (2012: between 0.625 percent and 0.75 percent per annum).

9. Restricted deposits at financial institution

These represent deposits pledged with a financial institution as security for bank guarantee facilities of a subsidiary.

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trade accounts receivable				
Trade accounts receivable – hotel operations	321,046	286,227	1,890	3,386
Less: Allowance for doubtful accounts	(12,308)	(12,740)	-	(51)
Trade accounts receivable – hotel operations, net	308,738	273,487	1,890	3,335
Trade accounts receivable – sales of property				
- Installments due	22,891	2,439	11,573	-
Current portion of long-term trade accounts receivable (Note 15)	81,670	90,680	3,246	25,584
Trade accounts receivable – sales of property, net	104,561	93,119	14,819	25,584
Trade accounts receivable – sales of holiday club memberships				
- Installments due	10,041	11,565	-	-
Current portion of long-term trade accounts receivable (Note 15)	29,284	32,961	-	-
Total	39,325	44,526	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable – sales of holiday club memberships, net	36,725	41,926	-	-
Trade accounts receivable – net	450,024	408,532	16,709	28,919
Other receivables				
Amounts due from related parties (Note 11)	53,904	64,075	155,471	121,659
Other receivables	30,375	8,439	1,854	4,530
Insurance claim receivable	327	88	-	-
Accrued other income	13,007	3,557	331	2,503
Interest receivable	194	666	166	550
Accrued rental	31,179	37,759	31,179	25,193
Total other receivables	128,986	114,584	189,001	154,435
Trade and other receivables, net	579,010	523,116	205,710	183,354

The balances of trade accounts receivable – hotel operations as at 31 December 2013 and 2012, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Age of receivables				
Not yet due	143,017	131,079	244	1,304
Past due				
Up to 30 days	82,865	101,983	616	1,234
31 – 60 days	22,343	18,448	493	585
61 – 90 days	8,760	5,698	338	123
91 – 120 days	11,037	6,690	199	89
Over 120 days	53,024	22,329	–	51
Total	321,046	286,227	1,890	3,386
Less: Allowance for doubtful debts	(12,308)	(12,740)	–	(51)
Trade accounts receivable – hotel operations, net	308,738	273,487	1,890	3,335

The balances of installments due of trade accounts receivable – sales of property as at 31 December 2013 and 2012, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Age of receivables				
Not yet due	22,891	2,439	11,573	–
Trade accounts receivable – sales of property – installment due, net	22,891	2,439	11,573	–

The balances of installments due of trade accounts receivable – holiday club memberships as at 31 December 2013 and 2012, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Age of receivables				
Past due				
Up to 30 days	3,501	4,970	–	–
31 – 60 days	610	659	–	–
61 – 90 days	497	417	–	–
91 – 120 days	465	444	–	–
Over 120 days	4,968	5,075	–	–
Total	10,041	11,565	–	–
Less: Allowance for doubtful debts	(2,600)	(2,600)	–	–
Trade accounts receivable – sales of holiday club membership – installment due, net	7,441	8,965	–	–

11. 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 financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	

Transactions with subsidiary companies

(eliminated from the consolidated financial statements)

Inter resort payments	-	-	6	3	(1) agreed basis
Estate service expenses	-	-	1	3	(2) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	3	6	(3) agreed basis
Interest income	-	-	128	110	(5) agreement
Interest expenses	-	-	46	12	(5) agreement
Management fee income	-	-	87	2	(7), (19) agreement
Purchase of gallery vouchers	-	-	-	1	(8) agreed basis
Reimbursement receipts	-	-	11	33	(11) agreed basis
Reimbursement payments	-	-	26	26	(11) agreed basis
Rental and service income	-	-	12	12	(12)(i), (iii) agreement
Rental and service expenses	-	-	11	14	(12)(iv), (v) agreement
Resort service expenses	-	-	7	10	(14) agreed basis
Sale of assets	-	-	7	-	At net book value
Dividend received	-	-	-	30	As declared

Transactions with associated companies

Inter resort receipts	3	9	-	-	(1) agreed basis
Reimbursement receipts	-	5	-	-	(11) agreed basis
Reimbursement payments	1	1	-	-	(11) agreed basis
Rental and service expenses	1	1	-	-	(12)(i) agreement
Sale of goods	2	-	-	-	(9) agreed basis
Dividend received	85	-	-	-	As declared

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	
Transactions with related companies					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	100	98	-	-	(1) agreed basis
Management fee income	3	2	1	1	(7), (17), (18) agreement
Management fee expenses	272	261	-	-	(6), (15), (16) agreement
Purchase of spa and gallery vouchers	9	6	3	2	(8) agreed basis
Sale of goods	35	48	-	-	(9) agreed basis
Reimbursement receipts	63	56	3	4	(11) agreed basis
Reimbursement payments	59	74	3	6	(11) agreed basis
Rental and service income	36	39	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	1	1	-	-	(12)(viii) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	8	8	-	-	(14) agreed basis
Spa service expenses	1	1	-	-	(20) agreed basis
Training charges	9	13	1	7	(10) agreed basis
Sale of gallery vouchers	4	8	-	-	(8) agreed basis
Dividend paid	-	28	-	-	As declared
Transactions with management and directors					
Interest income	1	3	1	2	(4) agreement

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

- (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 at 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 handling charges are not charged with the exception of credit card whereby commission is charged ranging from 2 percent to 5 percent of the revenue and are based on the commissions 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) 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 charges are at market price.
- (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 percent of proportion of value of pledged assets to total loan facilities.
- (4) Financial assistance provided to employees for acquisition of a property developed by the Company or its subsidiaries. A staff advance of 10 percent of selling price of a property is funded by the employee's employer and is repayable by the employee over a period of 5 years with monthly repayments consisting of both interest and principal. A loan by the developer equal to 80 percent of selling price is to be settled in full with the property developer within 5 years of the property completion. Both advance and loan are subject to interest at the group's cost of funds plus 0.5 percent per annum.

- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The Baht 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 percent. 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 36 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" and "Angsana" trademarks and all other proprietary rights associated with it.

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

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of the Banyan Tree Phuket pays a technical fee of 7.5 percent of gross operating profit.
- (v) The Technical Assistance Agreement to conduct the golf business pays a basic technical fee of 3 percent of total revenue and an incentive fee of 10 percent of gross operating profit which was terminated since August 2013.
- (vi) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pay a hotel management fee of 10 percent of gross operating profit.
- (vii) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana corporate head office shall be charged as follows:
 - Group marketing services shared on a group basis are based on 1.75 percent of actual hotel revenues plus a share of operating cost of Regional Marketing offices.
 - Reservation service fees are 1 percent 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 and Angsana Laguna 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 percent 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 15 percent to 30 percent 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 20 percent to 30 percent (2012: 35 percent to 55 percent) margin.
- (10) Training charges by Banyan Tree Resorts & Spas (Thailand) Company Limited and 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 with no handling costs applied.
- (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 percent to 10 percent of sales revenue which is dependent on criteria such the location, budgeted sales, term of the lease, size of area leased and type of operation.

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

BGL : Bangtao Grande Limited

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

LBTL : Laguna Banyan Tree Limited

- (ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store are Baht 1,105 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 II. 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 Baht 113,908 and Baht 11,391 per rai per annum respectively.
 - (vi) Service income from rental of Banyan Tree Management Academy is at Baht 125,000 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 34.56 per square metre.
- (13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15 percent 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 1 percent of each operations' actual revenue
- Community service : based on actual cost

(15) This relates to architectural and interior design services. The fees are based on construction cost at progressive rates depending on the type of constructions and services provided. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

(16) This related to technical service for pre-construction and pre-opening of Angsana Laguna Phuket in 2011 and 2012, totaling USD 0.5 million.

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

(18) The Technical Assistance Agreement of Laguna Excursions Limited is providing management services and granting the use of leading brand for the recreation department of Banyan Tree Bintan and Angsana Bintan hotels. The technical service fees include a technical services fee at rate of 12.5 percent of recreation revenue, an incentive fee at the rate of 31 percent of earnings before interest, tax, depreciation and amortisation, and a royalty fee at the rate of 5 percent of revenue.

(19) The Company charges a management fee to its subsidiaries for providing centralized 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 charge by the working hours and project management service is charged as Note (7) above.

(20) This relates to the purchase of spa vouchers by Laguna Holiday Club Limited from Banyan Tree Resorts & Spas (Thailand) Company Limited, for using as a marketing tool, which is priced at a 20 percent to 40 percent discount to the Spa price list.

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)

	31 December 2013	31 December 2012
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)

	31 December 2013	31 December 2012
Short-term loan facilities	170	170
Overdrafts and bank guarantee facilities	10	10

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Amounts due from related parties				
Subsidiaries	-	-	153,156	116,830
Associated companies	594	9,601	-	2,613
Related companies (related by common shareholders)	53,310	54,474	2,315	2,216
Total amounts due from related parties (Note 10)	53,904	64,075	155,471	121,659
Amounts due to related parties				
Subsidiaries	-	-	8,546	10,439
Associated companies	70	58	-	-
Related companies (related by common shareholders)	65,444	109,402	1,542	5,328
Total amounts due to related parties (Note 23)	65,514	109,460	10,088	15,767

Loans to subsidiaries and employees and long-term loans from subsidiaries

As at 31 December 2013 and 2012, the balance of loans between the Company, employees and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2012	Addition	Repayment	31 December 2013
Laguna Banyan Tree Limited	985,100	377,500	(255,000)	1,107,600
Laguna Holiday Club Limited	54,380	66,500	(108,500)	12,380
Laguna Lakes Limited	441,001	2,500	(5,500)	438,001
TWR-Holdings Limited	210,420	574,300	(394,700)	390,020
Total	1,690,901	1,020,800	(763,700)	1,948,001

Long-term loans to employees

(Unit: Thousand Baht)

Employees of the companies	Consolidated financial statements		
	31 December 2012	Repayment	31 December 2013
Laguna Resorts & Hotels Public Company Limited	163	(140)	23
Bangtao Grande Limited	265	(265)	-
Laguna Grande Limited	453	(453)	-
Laguna Holiday Club Limited	49	(49)	-
Banyan Tree Gallery (Thailand) Limited	167	(126)	41
Thai Wah Plaza Limited	996	(877)	119
Total	2,093	(1,910)	183

(Unit: Thousand Baht)

Employees of the companies	Separate financial statements		
	31 December 2012	Repayment	31 December 2013
Laguna Resorts & Hotels Public Company Limited	163	(140)	23

Long-term loans to employees related to loans for property purchased under the Group's employee financing scheme and loans for flood relief. The loans for property purchased under the Group's employee financing scheme are charged with interest at the rate of the Group's cost of funds plus a margin of 0.5 percent. The loans are repayable within 5 years commencing from the date on which the loan is drawn down. The loans for flood relief are for repairing employees houses which were damaged in the 2011 Bangkok flood. These loans are interest free and repayable within 4 months to 2 years.

Long-term loans from subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2012	Addition	Repayment	31 December 2013
Laguna Grande Limited	669,650	734,500	(733,200)	670,950
Laguna (3) Limited	-	4,000	(1,100)	2,900
Total	669,650	738,500	(734,300)	673,850

Directors and management's benefits

During the years ended 31 December 2013 and 2012, 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	
	2013	2012	2013	2012
Short-term employee benefits	98,581	94,734	63,072	74,822
Post-employment benefits	647	1,469	504	782
Other long-term employee benefits	31	27	19	(1)
Total	99,259	96,230	63,595	75,603

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 37 b).

12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Food and beverage	21,665	20,386	-	-	21,665	20,386
Finished goods and supplies	103,311	116,441	(1,844)	(3,404)	101,467	113,037
Total	124,976	136,827	(1,844)	(3,404)	123,132	133,423

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Food and beverage	-	21	-	-	-	21
Finished goods and supplies	-	157	-	(73)	-	84
Total	-	178	-	(73)	-	105

13. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Property for sale under holiday club memberships	434,198	459,117	-	-
Completed buildings	718,808	969,408	123,225	233,256
Land	1,871,750	719,800	113,034	3,292
Leasehold land	44,041	44,041	-	-
Property under construction	437,435	286,562	8,795	8,795
	3,506,232	2,478,928	245,054	245,343
Less: Allowance for diminution in market value of property under construction	(91,418)	(91,418)	-	-
Property development cost - net	3,414,814	2,387,510	245,054	245,343

Subsidiaries have mortgaged property development cost amounting to Baht 616 million (2012: Baht 369 million) as collateral against its credit facilities received from financial institutions.

14. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Value added tax	49,861	62,864	10,818	16,390
Prepaid expenses and withholding tax deducted at source	71,970	84,774	7,594	9,084
Advances to suppliers and staffs	62,913	27,732	3,501	2,289
Income tax and VAT refundable	20,028	16,867	5,012	3,207
Total	204,772	192,237	26,925	30,970

15. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

15.1 Installments receivable from property sales which bear interest at a rate of 5 percent - 12 percent, MLR plus 0.5 percent - 1.0 percent and the group's cost of funds plus 0.5 percent per annum and installments are repaid over a period of 3 to 15 years.

15.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 7.5 percent - 9 percent 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	
	31 December 2013	31 December 2012
Current portion of long-term trade accounts receivable	110,954	123,641
Long-term trade accounts receivable	144,443	160,078
Total	255,397	283,719
Sales of property		
Within 1 year (Note 10)	81,670	90,680
Over 1 year to 5 years	136,019	142,545
Over 5 years	-	5,010
Long-term trade accounts receivable - sales of property	217,689	238,235
Sales of holiday club memberships		
Within 1 year (Note 10)	29,284	32,961
Over 1 year to 5 years	8,424	12,523
Long-term trade accounts receivable - sales of holiday club memberships	37,708	45,484
Total	255,397	283,719

(Unit: Thousand Baht)

	Separate financial statements	
	31 December 2013	31 December 2012
Current portion of long-term trade accounts receivable	3,246	25,584
Long-term trade accounts receivable	14,063	24,890
Total	17,309	50,474
Sales of property		
Within 1 year (Note 10)	3,246	25,584
Over 1 year to 5 years	14,063	22,442
Over 5 years	-	2,448
Long-term trade accounts receivable - sales of property	17,309	50,474

16. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht

Subsidiaries held by the Company

Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43 Million	SGD 0.43 Million	51.0	51.0	4.0	4.0	-	19.3
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51.0	51.0	4.0	4.0	-	10.3
Laguna Banyan Tree Limited ⁽¹⁾	500.0	500.0	100.0	100.0	835.1	835.1	-	-
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	94.9	94.9	0.9	0.9	-	-
Laguna Service Company Limited ⁽²⁾	90.5	90.5	72.9	72.9	22.4	22.4	-	-
Laguna (3) Limited	0.1	0.1	100.0	100.0	47.8	47.8	-	-
TWR - Holdings Limited	1,250.0	1,250.0	100.0	100.0	1,250.0	1,250.0	-	-

Subsidiaries held through TWR - Holdings Limited

Laguna Excursions Limited	8.0	8.0	49.0	49.0	-	-	-	-
Laguna Village Limited	6.0	6.0	100.0	100.0	-	-	-	-
Mae Chan Property Company Limited	232.3	232.3	100.0	100.0	-	-	-	-
Pai Samart Development Company Limited	28.4	28.4	100.0	100.0	-	-	-	-
Phuket Resort Development Limited	41.4	41.4	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	-	-	-	-

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht

Subsidiaries held through Laguna Grande Limited

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	-	-	-	-

Subsidiary held through Banyan Tree Gallery (Singapore) Pte Limited

Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousands	USD 75 Thousands	51.0	51.0	-	-	-	-
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Subsidiary held through Laguna Holiday Club Limited

Cheer Golden Limited	-	-	100.0	100.0	-	-	-	-
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Total investments in subsidiaries					3,479.0	3,479.0	-	29.6
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⁽¹⁾ Laguna Banyan Tree Limited is held 49 percent by the Company and 51 percent through TWR - Holdings Limited

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

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

Significant transactions regarding the investments in subsidiary companies during 2012 to 2013 are as follows:

- (a) On 27 January 2012, a subsidiary in Indonesia approved an increase of the paid up capital by USD 150,000 from USD 700,000 to USD 850,000 divided into 85,000 ordinary shares with par value of USD 10 per share.

On 17 April 2012, the Minister of Law and Human right of The Republic of Indonesia accepted the paid up capital from USD 700,000 to USD 850,000 following with the registered capital of USD 2,335,000.

- (b) On 24 December 2012, the Company purchased an additional 76,667 ordinary shares of Laguna Grande Limited from its subsidiary at the net book value of Baht 70 million. However, such transaction does not affect the shareholding proportion in the consolidation financial statements.

- (c) Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2013	31 December 2012 (Restated)
Goodwill from purchase of shares in subsidiaries:		
Thai Wah Plaza Limited	56,976	56,976
Laguna Banyan Tree Limited	350,928	350,928
Total	407,904	407,904

17. Investments in associates

17.1 Details of associates:

(Unit: Thousand Baht)

Company' name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
			(%)	(%)				
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	456,568	516,305
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-
					-	-	-	-
Total investments in associates - net					348,414	348,414	456,568	516,305

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 TWR-holdings Limited and Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holding.

17.2 Share of loss

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investment in associate during the years	
	2013	2012
Lijiang Banyan Tree Hotel Co., Ltd.	(21,066)	(5,428)

17.3 Summarised financial information of associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenue for the years ended		Loss for the years ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Lijiang Banyan Tree Hotel Co., Ltd.	USD 18.4 million	USD 18.4 million	1,967	2,127	1,044	1,080	413	522	(42)	(11)
Tropical Resorts Ltd.	USD 21.0 million	USD 21.0 million	1,789	1,724	2,061	1,879	460	521	(305)	(211)

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

17.4 The subsidiaries recognised its share of losses from the investments in Tropical Resorts Ltd. until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the subsidiaries' accounts since the subsidiaries have no obligations, whether legal or constructive, to make any payments on behalf of the associates.

18. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Investment in available-for-sale security				
Thai Wah Starch Public Company Limited (Formerly known as "Universal Starch Public Company Limited")	334,627	334,627	31,161	31,161
Less: Allowance for impairment of investment	(89,339)	(334,627)	-	(31,161)
	245,288	-	31,161	-
Unrealised gain on available-for-sale security	-	-	214,127	-
Total investment in available-for-sale security - net	245,288	-	245,288	-
Investments in other companies				
Bibace Investments Ltd.	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	417,939	355,908	-	-
Total investments in other companies	606,364	544,333	-	-
Total other long-term investments - net	851,652	544,333	245,288	-

The Company has a 16.27 percent equity stake or 12,775,406 shares in Thai Wah Starch Public Company Limited (TWS) (formerly known as Universal Starch Public Company Limited). On 3 July 2006, the Stock Exchange of Thailand (SET) moved TWS's securities to Non-Performing Group and, consequently, TWS shares have ceased trading on SET since then. SET has approved the resumption of trading of TWS shares on SET on 31 October 2013. In connection therewith, the Company, being a significant shareholder of TWS, is subjected to a moratorium period of not being able to sell or trade in TWS shares for a period of 6 months from 31 October 2013. Thereafter, the Company can sell up to 25 percent of its TWS

shares and the remaining 75 percent after 1 year from 31 October 2013. Since December 2008, an allowance for impairment amounting to Baht 334 million has been fully set up for the Company's investment in TWS in the consolidated financial statements.

During the current year, the Company has reversed allowance for impairment of investment in TWS in consolidated financial statements amounting to Baht 245 million (Separate financial statement: Baht 31 million).

19. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2013			31 December 2012		
	Land awaiting for development /sales	Units in office building and shops for rent	Total	Land awaiting for development /sales	Units in office building and shops for rent	Total
Balance at beginning of year	354,300	722,244	1,076,544	159,300	641,040	800,340
Transfer from property, plant and equipment	-	-	-	195,000	-	195,000
Net gain from a fair value adjustment	3,775	20,316	24,091	-	81,204	81,204
Balance at end of year	358,075	742,560	1,100,635	354,300	722,244	1,076,544

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2013			31 December 2012		
	Land awaiting for development /sales	Units in office building and shops for rent	Total	Land awaiting for development /sales	Units in office building and shops for rent	Total
Balance at beginning of year	138,671	31,244	169,915	62,538	19,040	81,578
Transfer from property, plant and equipment	-	-	-	76,133	-	76,133
Net gain (loss) from a fair value adjustment	(3,533)	2,616	(917)	-	12,204	12,204
Balance at end of year	135,138	33,860	168,998	138,671	31,244	169,915

The fair value of the investment properties has been determined based on valuations 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.

The main assumptions used in the valuation are yield rate, long-term vacancy rate and long-term growth in real rental rates.

In 2012, the Company and its subsidiaries transferred land to investment properties amounting to Baht 195 million because the management plans to develop investment properties.

As at 31 December 2013, the subsidiaries have pledged investment properties amounting to approximately Baht 709 million (2012: Baht 691 million) as collateral against credit facilities received from financial institutions.

Consolidated financial statements
Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost										
As at 1 January 2012	1,527,684	4,002,004	284,125	1,781,289	1,304,151	357,088	41,265	184,116	466,699	9,948,421
Additions	-	9,317	792	9,733	21,578	27,694	4,240	13,415	277,055	363,824
Disposals and write off	-	(2,156)	-	-	(14,115)	(7,620)	(406)	(8,779)	(201)	(33,277)
Transfers in/out	17,875	409,344	13,319	122,013	53,777	39,411	7,159	3,122	(666,020)	-
Transfer to property development cost	(403)	(73,709)	-	-	(13,917)	-	-	-	(6,512)	(94,541)
Transfer to investment properties	(10,028)	-	-	-	-	-	-	-	-	(10,028)
Adjustments	-	19	-	13,648	(13,015)	-	-	36	(48)	640
As at 31 December 2012	1,535,128	4,344,819	298,236	1,926,683	1,338,459	416,573	52,258	191,910	70,973	10,175,039
Additions	-	32,525	-	33,606	20,968	31,156	548	8,838	104,268	231,909
Disposals and write off	(17,875)	(719)	-	(586,216)	(405,322)	(92,174)	(9)	(28,693)	(5,609)	(1,136,617)
Transfers in/out	-	53,145	-	26,148	590	-	1,511	1,082	(82,476)	-
Transfer to property development cost	(46,239)	-	-	-	(4,170)	-	-	-	-	(50,409)
Transfer from property development cost	-	59,973	-	11,333	822	-	-	-	-	72,128
Adjustments	(2)	(1,362)	-	-	(1,609)	(925)	872	(240)	1,536	(1,730)
As at 31 December 2013	1,471,012	4,488,381	298,236	1,411,554	949,738	354,630	55,180	172,897	88,692	9,290,320

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
Accumulated depreciation										
As at 1 January 2012	(452)	(984,705)	(284,004)	(1,326,443)	(1,118,084)	(266,093)	(14,939)	(144,413)	-	(4,139,133)
Depreciation charged for the year	(65)	(99,359)	(1,210)	(55,618)	(65,968)	(41,596)	(2,943)	(19,223)	-	(285,982)
Disposals and write-off	-	760	-	-	13,863	7,377	-	8,752	-	30,752
Transfer to property development cost	-	8,728	-	-	12,397	1,520	-	-	-	22,645
Adjustments	-	(26)	-	(13,968)	13,758	-	200	(100)	-	(136)
As at 31 December 2012	(517)	(1,074,602)	(285,214)	(1,396,029)	(1,144,034)	(298,792)	(17,682)	(154,984)	-	(4,371,854)
Depreciation charged for the year	(54)	(99,666)	(2,754)	(62,026)	(60,310)	(40,363)	(4,062)	(12,814)	-	(282,049)
Disposals and write-off	-	295	-	586,224	405,183	91,153	9	28,205	-	1,111,069
Transfer to property development cost	-	-	-	-	3,316	-	-	-	-	3,316
Adjustments	-	1,242	-	(2)	200	1,100	(1,387)	(725)	-	428
As at 31 December 2013	(571)	(1,172,731)	(287,968)	(871,833)	(795,645)	(246,902)	(23,122)	(140,318)	-	(3,539,090)
Allowance for impairment loss										
As at 1 January 2012	-	(12,309)	-	(102)	-	-	(5,193)	-	-	(17,604)
As at 31 December 2012	-	(12,309)	-	(102)	-	-	(5,193)	-	-	(17,604)
Reversal	-	53	-	-	-	-	-	-	-	53
As at 31 December 2013	-	(12,256)	-	(102)	-	-	(5,193)	-	-	(17,551)
Net book value - At cost										
As at 1 January 2012	1,527,232	3,004,990	121	454,744	186,067	90,995	21,133	39,703	466,699	5,791,684
As at 31 December 2012	1,534,611	3,257,908	13,022	530,552	194,425	117,781	29,383	36,926	70,973	5,785,581
As at 31 December 2013	1,470,441	3,303,394	10,268	539,619	154,093	107,728	26,865	32,579	88,692	5,733,679

Consolidated financial statements (continued)
Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Golf course	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion										
As at 1 January 2012	7,029,811	276,789	-	-	-	-	-	-	-	7,306,600
Additions	21,000	-	-	-	-	-	-	-	-	21,000
Transfer to property development cost	(21,397)	-	-	-	-	-	-	-	-	(21,397)
Transfer to investment properties	(184,972)	-	-	-	-	-	-	-	-	(184,972)
Reversal of revaluation surplus	(9,479)	-	-	-	-	-	-	-	-	(9,479)
As at 31 December 2012	6,834,963	276,789	-	-	-	-	-	-	-	7,111,752
Transfer to property development cost	(1,105,100)	-	-	-	-	-	-	-	-	(1,105,100)
Reversal of revaluation surplus	(1,298,480)	(218,561)	-	-	-	-	-	-	-	(1,517,041)
As at 31 December 2013	4,431,383	58,228	-	-	-	-	-	-	-	4,489,611
Accumulated depreciation										
As at 1 January 2012	-	(71,701)	-	-	-	-	-	-	-	(71,701)
Depreciation of revaluation surplus on assets	-	(6,227)	-	-	-	-	-	-	-	(6,227)
As at 31 December 2012	-	(77,928)	-	-	-	-	-	-	-	(77,928)
Depreciation of revaluation surplus on assets	-	(4,197)	-	-	-	-	-	-	-	(4,197)
Reversal of revaluation surplus	-	65,911	-	-	-	-	-	-	-	65,911
As at 31 December 2013	-	(16,214)	-	-	-	-	-	-	-	(16,214)
Net book value - revaluation portion										
As at 1 January 2012	7,029,811	205,088	-	-	-	-	-	-	-	7,234,899
As at 31 December 2012	6,834,963	198,861	-	-	-	-	-	-	-	7,033,824
As at 31 December 2013	4,431,383	42,014	-	-	-	-	-	-	-	4,473,397

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
Property, plant and equipment - net										
As at 1 January 2012	8,557,043	3,210,078	121	454,744	186,067	90,995	21,133	39,703	466,699	13,026,583
As at 31 December 2012	8,369,574	3,456,769	13,022	530,552	194,425	117,781	29,383	36,926	70,973	12,819,405
As at 31 December 2013	5,901,824	3,345,408	10,268	539,619	154,093	107,728	26,865	32,579	88,692	10,207,076
Depreciation for the year										
2012										292,209
2013										286,246

Separate financial statements

Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
At cost									
As at 1 January 2012	20,177	70,785	10,915	23,080	37,531	1,237	7,640	10,294	181,659
Additions	-	-	-	768	786	132	-	137	1,823
Transfer to property development cost	-	-	-	-	-	-	-	(6,512)	(6,512)
Transfer to investment properties	(8,617)	-	-	-	-	-	-	-	(8,617)
Disposal and write off	-	(2,156)	-	(325)	(4,814)	-	-	(201)	(7,496)
As at 31 December 2012	11,560	68,629	10,915	23,523	33,503	1,369	7,640	3,718	160,857
Additions	-	1,402	-	487	480	-	-	6,660	9,029
Transfer to property development cost	(11,371)	-	-	-	-	-	-	-	(11,371)
Disposal and write off	-	(13,429)	-	(12,133)	(11,997)	-	-	(3,582)	(41,139)
Adjustment	-	-	-	(13)	-	-	-	-	(13)
As at 31 December 2013	189	56,602	10,915	11,864	21,986	1,369	7,640	6,796	117,361
Accumulated depreciation									
As at 1 January 2012	-	(28,839)	(3,317)	(20,600)	(31,429)	(964)	(6,493)	-	(91,642)
Depreciation charged for the year	-	(2,191)	(728)	(1,525)	(2,777)	(103)	(762)	-	(8,086)
Disposal and write off	-	760	-	598	4,795	-	-	-	6,153
As at 31 December 2012	-	(30,270)	(4,045)	(21,527)	(29,411)	(1,067)	(7,255)	-	(93,575)
Depreciation charged for the year	-	(1,985)	(728)	(866)	(1,987)	(111)	(102)	-	(5,779)
Disposal and write off	-	6,216	-	11,758	11,256	-	-	-	29,230
Adjustment	-	-	-	(18)	-	-	-	-	(18)
As at 31 December 2013	-	(26,039)	(4,773)	(10,653)	(20,142)	(1,178)	(7,357)	-	(70,142)

Separate financial statements (continued)
Assets carried at cost

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Allowance for impairment loss									
As at 1 January 2012	-	(7,356)	-	-	-	-	-	-	(7,356)
As at 31 December 2012	-	(7,356)	-	-	-	-	-	-	(7,356)
Reversal	-	7,356	-	-	-	-	-	-	7,356
As at 31 December 2013	-	-	-	-	-	-	-	-	-
Net book value - At cost									
As at 1 January 2012	20,177	34,590	7,598	2,480	6,102	273	1,147	10,294	82,661
As at 31 December 2012	11,560	31,003	6,870	1,996	4,092	302	385	3,718	59,926
As at 31 December 2013	189	30,563	6,142	1,211	1,844	191	283	6,796	47,219

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

	Land and land improvement	Building and improvement	Machinery and equipment	Furniture and fixtures	Operating and office equipment	External work	Motor vehicles	Construction in progress	Total
Revaluation portion									
As at 1 January 2012	173,783	-	-	-	-	-	-	-	173,783
Additions	8,199	-	-	-	-	-	-	-	8,199
Transfer to investment properties	(67,516)	-	-	-	-	-	-	-	(67,516)
As at 31 December 2012	114,466	-	-	-	-	-	-	-	114,466
Additions (reversal)	(12,822)	3,657	-	-	-	-	-	-	(9,165)
Transfer to property development cost	(100,058)	-	-	-	-	-	-	-	(100,058)
As at 31 December 2013	1,586	3,657	-	-	-	-	-	-	5,243
Accumulated depreciation									
As at 1 January 2012	-	-	-	-	-	-	-	-	-
As at 31 December 2012	-	-	-	-	-	-	-	-	-
Additions	-	(1,584)	-	-	-	-	-	-	(1,584)
As at 31 December 2013	-	(1,584)	-	-	-	-	-	-	(1,584)
Net book value - revaluation portion									
As at 1 January 2012	173,783	-	-	-	-	-	-	-	173,783
As at 31 December 2012	114,466	-	-	-	-	-	-	-	114,466
As at 31 December 2013	1,586	2,073	-	-	-	-	-	-	3,659
Property, plant and equipment - net									
As at 1 January 2012	193,960	34,590	7,598	2,480	6,102	273	1,147	10,294	256,444
As at 31 December 2012	126,026	31,003	6,870	1,996	4,092	302	385	3,718	174,392
As at 31 December 2013	1,775	32,636	6,142	1,211	1,844	191	283	6,796	50,878
Depreciation for the year									
2012									8,086
2013									5,779

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

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

As at 31 December 2013, 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 1,678 million (2012: Baht 2,458 million). (Separate financial statements: Baht 17 million, 2012: Baht 27 million).

The subsidiaries have mortgaged land and hotel buildings at fair value of Baht 6,725 million (2012: Baht 8,122 million) as collateral against credit facilities received from financial institutions.

21. Leasehold rights

(Unit: Thousand Baht)

	Hotel units
Cost	
As at 31 December 2012	49,225
Exchange rate adjustment 2013	705
As at 31 December 2013	49,930
Accumulated amortisation	
As at 31 December 2012	(24,459)
Amortisation of 2013	(2,558)
As at 31 December 2013	(27,017)
Net book value	
As at 31 December 2012	24,766
As at 31 December 2013	22,913
Cost	
As at 1 January 2012	48,534
Exchange rate adjustment 2012	691
As at 31 December 2012	49,225
Accumulated amortisation	
As at 1 January 2012	(21,868)
Amortisation of 2012	(2,591)
As at 31 December 2012	(24,459)
Net book value	
As at 1 January 2012	26,666
As at 31 December 2012	24,766

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

22. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
Short-term loans from financial institutions	3.54 - 3.55	170,000	-	150,000	-
Total		170,000	-	150,000	-

These short-term loans from financial institutions are secured by the mortgage of plots of land and hotel buildings of the Company and subsidiaries, as described in Note 20 and by the guarantee provided by subsidiaries.

23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Trade accounts payable	171,435	185,759	1,536	5,701
Amounts due to related parties (Note 11)	65,514	109,460	10,088	15,767
Accrued expenses	211,694	224,535	25,639	24,570
Other payables	40,279	52,986	5,064	566
Construction payables	23,632	17,584	-	4,481
Service charge payable to hotel staff	31,243	38,575	-	-
Accrued rental to villa owners	64,777	62,036	8,897	9,816
Total	608,574	690,935	51,224	60,901

24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Value added tax payable	52,161	47,762	3,915	1,790
Unearned income	48,133	61,580	-	-
Other tax payable	12,807	16,809	754	3,868
Short-term provision	6,037	2,906	2,819	150
Total	119,138	129,057	7,488	5,808

25. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Secured	2,970,326	3,397,277	175,000	245,000
Long-term loans are repayable as follows:				
Within 1 year	457,000	422,951	70,000	70,000
Over 1 year to 5 years	2,103,526	2,165,547	105,000	175,000
Over 5 years	409,800	808,779	-	-
	2,513,326	2,974,326	105,000	175,000
Total	2,970,326	3,397,277	175,000	245,000

Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012

The Company

(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 percent, 1.5 percent and 1.75 percent per annum	175,000	245,000	175,000	245,000
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Subsidiaries

(2) Baht loan from a bank, with a facility of Baht 1,004 million, repayable quarterly from December 2005 to December 2013, at an interest rate as follows: 2012 onwards: MLR less 1.5 percent per annum	-	146,951	-	-
(3) Baht loan from a bank, with a facility of Baht 100 million, repayable quarterly from July 2008 to April 2014, at an interest rate as follows: 2012 onwards: MLR less 1.5 percent per annum	30,000	65,000	-	-
(4) Baht loan from a bank, with a facility of Baht 1,000 million ^(a) repayable quarterly from October 2009 to April 2019, at an interest rate as follows: 2012 onwards: MLR less 0.5 percent, 1 percent and 1.5 percent per annum	863,300	883,800	-	-
(5) 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 percent and 1.5 percent per annum	134,500	137,500	-	-
(6) Baht loan from a bank, with a facility of Baht 700 million ^(a) repayable quarterly from April 2012 to January 2016, at an interest rate as follows: 2012 onwards: MLR less 1 percent and 1.25 percent per annum	364,687	503,687	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
(7) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from June 2014 to September 2018, at an interest rate as follows: 2012 onwards: MLR less 1 percent and 1.25 percent per annum	261,729	257,729	-	-
(8) Baht loan from a bank, with a facility of Baht 520 million repayable quarterly from June 2014 to March 2018, at an interest rate as follows: 2012 onwards: MLR less 1 percent and 1.5 percent per annum	421,110	357,610	-	-
(9) 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 percent and 1.5 percent per annum	720,000	800,000	-	-
Total long-term loans from financial institutions	2,970,326	3,397,277	175,000	245,000

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 all hotel buildings of its subsidiaries, as described in Note 19 and Note 20. The loan in (8) above is guaranteed by a subsidiary.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2013, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 99 million (2012: Baht 855 million).

26. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other employee benefits plan, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2013			31 December 2012		
	Severance payments	Other benefits plans	Total	Severance payments	Other benefits plans	Total
Defined benefit obligation at beginning of year	25,477	27,985	53,462	72,200	48,657	120,857
Current service cost	3,303	3,923	7,226	7,285	7,272	14,557
Interest cost	914	995	1,909	3,510	2,371	5,881
Benefits paid during the year	(16,516)	(11,523)	(28,039)	(11,453)	(7,779)	(19,232)
Actuarial (gain) loss	13,392	6,451	19,843	(46,065)	(28,827)	(74,892)
Past service costs	-	-	-	-	6,291	6,291
Defined benefit obligation at end of year	26,570	27,831	54,401	25,477	27,985	53,462

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2013			31 December 2012		
	Severance payments	Other benefits plans	Total	Severance payments	Other benefits plans	Total
Defined benefit obligation at beginning of year	6,192	3,692	9,884	25,208	8,389	33,597
Current service cost	740	908	1,648	1,908	509	2,417
Interest cost	222	132	354	920	166	1,086
Benefits paid during the year	(3,019)	(1,604)	(4,623)	(10,250)	(893)	(11,143)
Actuarial (gain) loss	4,214	192	4,406	(11,594)	(4,479)	(16,073)
Defined benefit obligation at end of year	8,349	3,320	11,669	6,192	3,692	9,884

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	7,226	14,557	1,648	2,417
Interest cost	1,909	5,881	354	1,086
Actuarial (gain) loss recognised during the year	6,451	(28,827)	192	(4,479)
Past service costs recognised during the year	-	6,291	-	-
Total expenses recognised in profit or loss	15,586	(2,098)	2,194	(976)
Line items under which such expenses are included in profit or loss				
Cost of sales	13,570	1,150	98	(388)
Selling and administrative expenses	2,016	(3,248)	2,096	(588)

The cumulative amount of actuarial gains recognised in the other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 27 million (2012: Baht 38 million) (Separate financial statements: Baht 6 million and 2012: Baht 9 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.25	3.75	4.25	3.75
Future salary increase rate	3.0	3.0	3.0	3.0
Staff turnover rate (depending on age)	10.4 – 30.4	10.4 – 30.4	10.4 – 30.4	10.4 – 30.4

Amounts of defined benefit obligation for the current and previous three periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	54,401	11,669	4,464	1,138
Year 2012	53,462	9,884	(23,990)	(4,369)
Year 2011	120,857	33,597	-	-
Year 2010	94,668	27,737	-	-

27. 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.

28. Revaluation surplus

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
Balance - beginning of year	5,096,121	5,086,904	145,585	139,026
Addition (reversal) of revaluation surplus on assets	(1,160,903)	16,800	(8,599)	6,559
Less: Reversal of revaluation surplus on disposal of assets	-	(7,583)	-	-
Balance - end of year	3,935,218	5,096,121	136,986	145,585

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

29. 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 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

30. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest income	25,241	34,019	133,790	120,328
Dividend income	12,775	-	12,775	29,554
Gain on change in fair value of investment properties	24,091	81,204	-	12,204
Management fee income	-	-	88,915	-
Other	28,911	34,264	2,282	6,104
Total	91,018	149,487	237,762	168,190

31. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salaries, wages and other employee benefits	1,258,269	1,118,558	182,935	137,616
Depreciation	286,246	292,209	5,779	8,086
Rental expenses from operating lease agreements	238,505	223,302	37,407	35,321
Repairs and maintenance	161,736	152,024	2,718	2,826
Water and electricity	219,516	207,655	6,753	5,132
Legal and professional fees	29,528	38,481	3,125	6,549
Management, incentive fee and royalty fees	167,139	150,623	-	-
Commission	131,339	100,137	-	1,046
Sales and marketing expenses	214,966	215,117	13,127	7,247
Food and beverage cost	335,792	296,716	-	-
Increase in land and construction during the year	1,364,731	183,235	111,901	7,407
Change in property development cost	(1,027,304)	243,944	288	30,745

32. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Current income tax:				
Current income tax charge	37,534	35,240	-	-
Adjustment in respect of current income tax of previous year	(674)	635	-	-
Write off prepaid withholding tax	24,902	9,566	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	23,617	15,686	34,283	8,340
Income tax expense reported in the income statement	85,379	61,127	34,283	8,340

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax relating to actuarial (gain) loss of post-employment benefits	2,679	(9,213)	843	(2,319)
Deferred tax relating to unrealised gain on available-for-sale security	-	-	(42,825)	-
Deferred tax relating to addition (reversal) of revaluation surplus on assets	290,226	(4,200)	2,150	(1,640)
	292,905	(13,413)	(39,832)	(3,959)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Accounting profit before income tax	202,017	97,772	119,280	(42,875)
Applicable tax rate	15%-30%	15%-30%	20%	23%
Accounting profit (loss) before tax multiplied by applicable tax rate	38,335	21,378	23,856	(9,861)
Adjustment in respect of current income tax of previous year	(674)	635	-	-
Effects of changes in the applicable tax rates	-	(5,230)	-	2,795
Write off prepaid withholding tax	24,902	9,566	-	-
Effects of:				
Reversal of loss on impairment of investment	(49,058)	-	(6,232)	-
Dividend income	(2,555)	-	(2,555)	(5,910)
Temporary differences arising from revenue recognition	10,849	1,249	10,849	1,249
Unused tax losses	33,940	11,113	-	-
Non-taxable expenses	27,847	21,522	7,181	20,025
Other	1,793	894	1,184	42
Total	22,816	34,778	10,427	15,406
Income tax expense reported in the statement of comprehensive income	85,379	61,127	34,283	8,340

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

(Unit: Thousand Baht)

	Consolidated financial statements		
	Statement of financial position		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Deferred tax assets (liabilities)			
Unused tax losses	161,753	172,031	174,991
Provision for long-term employee benefits	10,880	10,692	24,171
Temporary differences arising from revenue recognition	(1,245)	18,145	42,343
Intercompany charges to property development cost and property, plant and equipment	34,885	33,861	-
Other items of deferred tax assets	8,685	7,820	6,517
Revaluation surplus on assets	(1,374,124)	(1,702,299)	(1,700,913)
Temporary differences arising from revenue recognition	(675,752)	(697,569)	(704,915)
Gain on change in value of investment properties	(154,950)	(111,759)	(94,438)
Other items of deferred tax liabilities	(26,371)	(16,455)	(4,190)
Net deferred tax liabilities	(2,016,239)	(2,285,533)	(2,256,434)

(Unit: Thousand Baht)

	Consolidated financial statements		
	Statement of financial position		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Reflected in the statements of financial position as follows:			
Deferred tax assets	81,589	86,823	59,240
Deferred tax liabilities	(2,097,828)	(2,372,356)	(2,315,674)
Deferred tax liabilities, net	(2,016,239)	(2,285,533)	(2,256,434)

(Unit: Thousand Baht)

	Separate financial statements		
	Statement of financial position		
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 January 2012
Deferred tax assets (liabilities)			
Unused tax losses	24,236	35,983	15,337
Provision for long-term employee benefits	2,334	1,977	6,719
Temporary differences arising from revenue recognition	-	19,389	32,122
Other items of deferred tax assets	764	1,688	1,777
Revaluation surplus on assets	(20,743)	(36,396)	(34,756)
Temporary differences arising from revenue recognition	(94,622)	(92,919)	(81,846)
Gain on change in fair value of investment properties	(22,505)	(8,968)	(6,300)
Gain on change in value of available-for-sales security	(42,825)	-	-
Net deferred tax liabilities	(153,361)	(79,246)	(66,947)

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012-2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, the subsidiaries have unused tax losses totaling Baht 70 million (2012: Baht 50 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

33. 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 financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	111,789	19,857	84,998	(51,215)
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	0.67	0.12	0.51	(0.31)

34. 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 Company and its subsidiaries contributed to provident funds as follows:

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Hotel staff	Office staff	2013	2012
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	3.6	4.2
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.1	1.3
Bangtao Grande Limited	SCB Asset Management Company Limited	-	3.3	2.7
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset management Plc.	6.1	5.5
Banyan Tree Gallery (Singapore) Pte Ltd	-	Central Provident Fund Board	1.1	1.3
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.7	2.8
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	1.2	1.7
Thai Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	3.9	3.8

35. Dividends

Dividends declared in 2013 consisted of:

	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend on 2012 retained earnings	Annual General Meeting of the shareholders on 25 April 2013	20.84	0.125

36. Commitments

Capital commitment

As at 31 December 2013, the Company and its subsidiaries have capital commitments as follows:

- (a) A subsidiary has commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 2 million (2012: Baht 9 million).
- (b) The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 81 million (2012: Baht 2 million).
- (c) A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngarn 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 ngarn 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngarn 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 percent on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

Operating agreements

As at 31 December 2013 and 2012, 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 as follows:

Company	Business unit	Operator	Contract period	Fees
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited)	1.7.2011 – 30.6.2012	- Royalty fee: 3 percent of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 – 30.11.2031	- Royalty fee: 3 percent of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.7.2011 – 30.6.2012	- Management fee: 10 percent of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 – 30.11.2031	- Management fee: 10 percent of gross operating profit

Company	Business unit	Operator	Contract period	Fees
Laguna Grande Limited	Laguna Phuket Golf Club	Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 – 30.6.2012	- Basic technical fee: 3 percent of total revenue - Incentive fee: 10 percent of gross operating profit
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 – 31.7.2013	- Basic technical fee: 3 percent of total revenue - Incentive fee: 10 percent of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited)	1.1.2009 – 30.6.2012	- Royalty fee: 2 percent of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 – 31.12.2015 (a)	- Royalty fee: 2 percent of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 – 30.6.2012	- Technical fee: 7.5 percent of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 – 31.12.2015 (a)	- Technical fee: 7.5 percent of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited)	1.1.2009 – 30.6.2012	- Royalty fee: 3 percent of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.7.2012 – 31.12.2021 (b)	- Royalty fee: 3 percent of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 – 30.6.2012	- Management fee: 10 percent of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.7.2012 – 31.12.2021 (b)	- Management fee: 10 percent of gross operating profit
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.5.2009 – 31.12.2019 (c)	- Basic management fee: 2 percent of total revenue for the first fiscal year, 2.5 percent of total revenue for the second fiscal year and 3 percent of total revenue for the remain fiscal years - Incentive fee: 7 percent of gross operating profit

(a) Operator has option to extend for 1 additional period of 10 years

(b) Operator has option to extend for 1 additional period of 20 years.

(c) Operator has option to extend for 2 additional periods of 10 years.

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

As at 31 December 2013 and 2012, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Payable within:				
In up to 1 year	112	135	22	28
In over 1 and up to 5 years	168	228	12	22
In over 5 years	15	5	2	-

During the year 2013, the Company and its subsidiaries recognised rental expenses of Baht 136 million (2012: Baht 156 million) (Separate financial statements: Baht 27 million and 2012: Baht 28 million).

Investment commitment

A subsidiary entered into the Limited Partnership Agreement in respect of Banyan Tree Indochina Hospitality Fund, L.P. ("the Fund"), an exempted limited partnership formed under the laws of the Cayman Islands. The fund is managed by Banyan Tree Indochina (GP) Company Limited and focuses mainly on hotel and resort investments in Vietnam, Cambodia and Laos. Based on the fund size of USD 283 million at closing date on 30 June 2009, the capital commitment of USD 16 million would be approximately 5.65 percent of the fund. As at 31 December 2013 and 2012, the subsidiary has made capital contribution of USD 13 million and USD 11 million, respectively, to the Fund.

Servitude over land

As at 31 December 2013, some subsidiaries have land servitudes of approximately 6 rai in Phuket province, which are presented under property development cost and property, plant and equipment.

37. Guarantees

- a) As at 31 December 2013, there were bank guarantees amounting to Baht 47 million (Separate financial statements: Baht 3 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 (2012: Baht 46 million, Separate financial statements: Baht 2 million).
- b) As at 31 December 2013 and 2012, 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 percent of the Company in LBTH (through Laguna Banyan Tree Limited).

38. 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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

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

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

	For the year ended 31 December 2013				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,650	753	119	-	4,522
Intersegment revenues	(222)	(9)	(30)	-	(261)
Revenue from external customers	3,482	744	89	-	4,261
Results:					
Segment results	199	52	28	33	312
Unallocated income					66
Profit from operations and other income					378
Interest income	2	22	-	1	25
Finance cost	(105)	(53)	-	(22)	(180)
Share of loss from investment in associate	(23)	2	-	-	(21)
Profit before income tax expenses					202
Income tax expenses					(85)
Profit for the year					117
Segment total assets	11,737	4,027	977	1,306	18,047
Investments in associate accounted for the equity method	457	-	-	-	457
Additions of non-current assets other than financial instruments, deferred tax assets	214	2	31	317	564
Other segment information					
Depreciation of property, plant and equipment	276	5	-	5	286
Amortisation of leasehold rights	-	3	-	-	3
Reversal of loss on impairment of investment	-	-	-	245	245

(Unit: Million Baht)

	For the year ended 31 December 2012				
	Hotel Business	Property Development	Office Rental	Head Office	Total
Revenue:					
Segment revenue					
Total revenues	3,398	902	123	-	4,423
Intersegment revenues	(233)	(9)	(31)	-	(273)
Revenue from to external customers	3,165	893	92	-	4,150
Results:					
Segment results	142	182	37	(227)	134
Unallocated income					115
Profit from operations and other income					249
Interest income	2	32	-	-	34
Finance cost	(100)	(66)	-	(14)	(180)
Share of loss from investment in associate	(31)	26	-	-	(5)
Profit before income tax expenses					98
Income tax expenses					(61)
Profit for the year					37
Segment total assets	14,134	3,101	1,192	1,091	19,518
Investments in associate accounted for the equity method	516	-	-	-	516
Additions of non-current assets other than financial instruments, deferred tax assets	356	6	102	227	691
Other segment information					
Depreciation of property, plant and equipment	278	7	-	7	292
Amortisation of leasehold rights	-	3	-	-	3

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

(Unit: Million Baht)

	2013	2012
Revenue from external customers		
Thailand	4,176	4,072
Others	85	78
Total	4,261	4,150
Non-current assets other than financial instruments and deferred tax assets		
Thailand	11,771	14,359
Others	37	39
Total	11,808	14,398

For the year 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

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. 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 and bank overdrafts and loans. 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 25).

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 2013					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	10	-	355	-	365	0.50%-1.60%
Current investments	10	-	-	-	10	1.75%
Trade and other receivables	78	-	33	468	579	4.78%-12%
Long-term fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	82	62	-	144	4.78%-12%
Financial liabilities						
Trade and other payables	-	-	-	609	609	-
Short-term loans from financial institutions	-	-	170	-	170	3.54%-3.55%
Long-term loans from financial institutions	-	-	2,970	-	2,970	5.38%-5.88%

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2013					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	17	-	17	0.5%-1.60%
Trade and other receivables	2	-	1	203	206	4.78%-12%
Long-term fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	8	6	-	14	4.78%-12%
Long-term loans to subsidiaries	-	-	1,948	-	1,948	6.88%
Financial liabilities						
Trade and other payables	-	-	-	51	51	-
Long-term loans from subsidiaries	-	-	674	-	674	6.26%
Short-term loans from financial institutions	-	-	150	-	150	3.55%
Long-term loans from financial institutions	-	-	175	-	175	5.88%

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2012					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	565	-	565	0.625%-0.75%
Trade and other receivables	86	-	38	399	523	4.78%-12%
Long-term fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	61	99	-	160	4.78%-12%
Long-term loans to employees	-	-	2	-	2	5.92%
Financial liabilities						
Trade and other payables	-	-	-	691	691	-
Long-term loans from financial institutions	-	-	3,397	-	3,397	5.50%-5.75%

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2012					
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	53	-	53	0.625%-0.75%
Trade and other receivables	5	-	20	158	183	4.78%-12%
Long-term fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	6	19	-	25	4.78%-12%
Long-term loans to subsidiaries	-	-	1,691	-	1,691	7.46%
Financial liabilities						
Trade and other payables	-	-	-	61	61	-
Long-term loans from subsidiaries	-	-	670	-	670	6.68%
Long-term loans from financial institutions	-	-	245	-	245	5.50%

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 31 December	
	Financial assets as at 31 December		Financial liabilities as at 31 December		Financial assets as at 31 December		Financial liabilities as at 31 December			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	4	3	-	-	-	1	-	-	32.7644	30.5824

39.2 Fair value of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

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

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 2013, the Group's debt-to-equity ratio was 0.58:1 (2012: 0.57:1) and the Company's was 0.24:1 (2012: 0.22:1).

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 percent 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.

LRH's affiliated companies and individual directors have lodged their statement of defense and believe that the plaintiff's claims are invalid, therefore, no provision has been made in the accounts.

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 7 February 2014, the Phuket Provincial Court has postponed the hearing for judgment to 28 March 2014.

42. Event after the reporting period

On 21 February 2014, the meeting of the Company's Board of Directors agreed to propose in the 2014 Annual General Meeting to appropriate the retained earnings as dividend payment to shareholders in the amount of Baht 0.34 per share, totaling Baht 56.67 million. Such dividend payment is subjected to final approval at the 2014 Annual General Meeting.

43. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2014.

Audit fees

The Company and subsidiaries paid audit fees for the fiscal year to an audit firm which amounted to Baht 6,870,000 and subsidiaries paid audit fees to other audit firm which amounted to Baht 922,413. This amount does not include the audit fees paid by associated companies.

Non-audit fees

The Company and subsidiaries paid non-audit fees for agreed upon procedures of net sales and other consultant fees for the fiscal year to other audit firms which amounted to Baht 618,067. There is no outstanding commitment to pay any fees in the future for uncompleted engagements relating to the year 2013.

REFERENCES

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-None-

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Kasikorn Bank Public Company Limited,
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Kasikorn Bank Public Company Limited,
Silom Main Branch
Bangkok Bank Public Company Limited,
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Email rpo-services@lagunaphuket.com

Estate Services

57 Moo 4 Srisoonthorn Road, Cherngtalay
Thalang, Phuket 83110, Thailand
Telephone 66 (0) 7630 5650-52
Facsimile 66 (0) 7630 5653
Email estateservices@lagunaphuket.com

Laguna Holiday Club - Phuket

390/1 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone 66 (0) 7636 2400-599
Facsimile 66 (0) 7636 2401
Email info@lagunaholidayclub.com

Laguna Holiday Club - Bangkok

Thai Wah Tower 1, 7th Floor,
21/15 South Sathorn Road, Tungmahamek,
Sathorn, Bangkok 10120, Thailand
Telephone 66 (0) 2690 4900
Facsimile 66 (0) 2690 4901
Email info@lagunaholidayclub.com

Laguna Service Company Limited

57 Moo 4, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone 66 (0) 7630 5639-42
Facsimile 66 (0) 7630 5643

Angsana Wedding Chapel

390/62 Moo 1, Srisoontorn Road, Cherngtalay,
Thalang, Phuket 83110, Thailand
Telephone 66 (0) 7632 4101
Facsimile 66 (0) 7632 4109
Email weddings@lagunaphuket.com

Thai Wah Plaza Limited

Thai Wah Tower 1, 22nd and 24th floor,
21/65, 21/66 and 21/68 South Sathorn Road,
Tungmahamek, Sathorn, Bangkok 10120, Thailand
Telephone 66 (0) 2677 4455
Facsimile 66 (0) 2285 0733

ABBREVIATIONS

AND COMPANY NAME IN FULL

Abbreviations	Company Name in Full
AVCI	PT. AVC Indonesia
BGL	Bangtao Grande Limited
BI	Bibace Investments Ltd
BT1	Bangtao (1) Limited
BT2	Bangtao (2) Limited
BT3	Bangtao (3) Limited
BT4	Bangtao (4) Limited
BTD	Bangtao Development Limited
BTG(S)	Banyan Tree Gallery (Singapore) Pte Ltd
BTG(T)	Banyan Tree Gallery (Thailand) Limited
CGL	Cheer Golden Limited
HHBR	Hua Hin Beach Resorts Company Limited
L3	Laguna (3) Limited
LBTG	Lijiang Banyan Tree Gallery Trading Company Limited
LBTH	Lijiang Banyan Tree Hotel Company Limited
LBTL	Laguna Banyan Tree Limited
LCL	Laguna Central Limited
LEL	Laguna Excursions Limited
LGL	Laguna Grande Limited
LHC	Laguna Holiday Club Limited
LLL	Laguna Lakes Limited
LRH	Laguna Resorts & Hotels Public Company Limited
LSC	Laguna Service Company Limited
LVL	Laguna Village Limited
MCP	Mae Chan Property Company Limited
PKRD	Phuket Resort Development Limited
PSD	Pai Samart Development Company Limited
TLDC	Talang Development Company Limited
TRL	Tropical Resorts Limited
TWDC	Twin Waters Development Company Limited
TWPL	Thai Wah Plaza Limited
TWRH	TWR-Holdings Limited
TWS	Thai Wah Starch Public Company Limited [Previously known as Universal Starch Public Company Limited]
TWT	Thai Wah Tower Company Limited
TWT2	Thai Wah Tower (2) Company Limited



LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED