

**PART III**  
**FINANCIAL POSITION AND OPERATING RESULTS**

**13. FINANCIAL HIGHLIGHTS**

**13.1 Summary of Financial Position and Operating Results for the past 3 years**

**13.1.1 Summary of Auditors' Findings and Significant Accounting Policies**

The name of Company's auditor for the 2013 Financial Statements is Sophon Permsirivallop, Certified Public Accountant (Thailand) No. 3182 of Ernst & Young Office Limited and the name of its subsidiaries' auditor is Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 of Ernst & Young Office Limited.

**Conclusion of the Auditor's Report**

**For the year ended 31 December 2013**

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditors issued a clean audit opinion on the financial statements for the year ended 31 December 2013 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

The auditor draw attention to the note to financial statements regarding the change in accounting policy as a result of the adoption of Thai Accounting Standard 12 *Income taxes* and note to financial statements regarding to change in accounting policy for revalued property, plant and equipment. The auditor's opinion is not qualified in respect of this matter.

**For the year ended 31 December 2012**

In summary, a clean audit report was issued.

The financial statements were audited in accordance with Thai Standards on auditing which included compliance with ethical requirements and plan and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditor issued a clean audit opinion on the financial statements for the year ended 31 December 2012 and stated that the financial statements are presented fairly in all material

respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with Thai Financial Reporting Standards.

#### **For the year ended 31 December 2011**

In summary, a clean audit report was issued.

Reference was made to the financial statements of the Company and its subsidiaries for the year ended 31 December 2010 (before restated) were audited by another auditor in office who express unqualified opinion on those statements under the report dated 22 February 2011. The other auditor did not audit the financial statements of two subsidiaries, Laguna Beach Club Limited and Laguna (1) Company Limited, which are included in these consolidated financial statements. During the current year, the Company changed its accounting policies to comply with the revised and new accounting standards as issued by the Federation of Accounting Professions. In addition, the Company changed its accounting treatment of the revaluation surplus on revalued assets that were disposed. The Company restated the financial statements as at 31 December 2010 and 1 January 2010 and for the year ended 31 December 2010 to reflect the changes in accounting policies resulting from the adoption of these new accounting standards and the adjustment of its accounting treatment.

The financial statements were audited in accordance with generally accepted auditing standards which included such tests of the accounting records and such other auditing procedures as considered necessary in the circumstances.

The auditor issued a clean audit opinion on the financial statements for the year ended 31 December 2011 and stated that the financial statements are presented fairly in all material respects. The financial position, financial performance and cash flows for the year then ended of the Company and its subsidiaries have been prepared in accordance with generally accepted accounting principles.

#### **New accounting standards for the year 2013**

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

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.

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

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flow	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

		<u>Effective date</u>
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 <i>Financial Reporting in Hyperinflationary Economies</i>	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 standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

### 13.1.2 Summary of Financial Statements

#### Consolidated Income Statement

Unit: Baht

	Consolidated		
	<b><u>2013</u></b>	<b><u>2012</u></b> <b>(Restated)</b>	<b><u>2011</u></b> <b>(Restated)</b>
<b>Revenue</b>			
Revenue from hotel operations	3,428,458,199	3,164,823,205	2,798,295,765
Revenue from property development operations	744,416,413	892,571,753	576,749,819
Revenue from office rental operations	88,542,903	92,397,575	85,527,031
Other income	91,017,516	149,486,910	137,448,398
<b>Total revenue</b>	<b>4,352,435,031</b>	<b>4,299,279,443</b>	<b>3,598,021,013</b>
<b>Expenses</b>			
Cost of hotel operations	1,687,284,556	1,539,343,133	1,493,318,952
Cost of property development operations	337,427,604	427,179,985	225,125,486
Cost of office rental operations	43,265,799	39,252,860	32,529,154
Selling expenses	430,518,638	399,269,560	340,765,429
Administrative expenses	1,695,686,105	1,611,147,043	1,641,526,165
Reversal of loss on impairment of investment	(245,287,794)	-	-
<b>Total expenses</b>	<b>3,948,894,908</b>	<b>4,016,192,581</b>	<b>3,733,265,186</b>
<b>Profit (loss) before share of profit (loss) from investment in associate, finance cost and income tax expenses</b>	<b>403,540,123</b>	<b>283,086,862</b>	<b>(135,244,173)</b>
Share of profit (loss) from investment in associate	(21,065,652)	(5,427,759)	174,334,694
<b>Profit before finance cost and income tax expenses</b>	<b>382,474,471</b>	<b>277,659,103</b>	<b>39,090,521</b>
Finance cost	(180,457,409)	(179,887,551)	(132,157,254)
<b>Profit (loss) before income tax expenses</b>	<b>202,017,062</b>	<b>97,771,552</b>	<b>(93,066,733)</b>
Income tax expenses	(85,378,946)	(61,126,835)	236,193,629
<b>Profit for the year</b>	<b>116,638,116</b>	<b>36,644,717</b>	<b>143,126,896</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	111,788,555	19,856,929	104,125,757
Non-controlling interests of the subsidiaries	4,849,561	16,787,788	39,001,139
	<b>116,638,116</b>	<b>36,644,717</b>	<b>143,126,896</b>
<b>Basic earnings per share</b>			
Profit attributable to equity holders of the Company	0.67	0.12	0.62

**Consolidated Statement of Comprehensive Income**

Unit: Baht

	<b>Consolidated</b>		
	<b><u>2013</u></b>	<b><u>2012</u> (Restated)</b>	<b><u>2011</u> (Restated)</b>
<b>Profit for the year</b>	<b>116,638,116</b>	<b>36,644,717</b>	<b>143,126,896</b>
<b>Other comprehensive income:</b>			
Exchange differences on translation of financial statements in foreign currency	62,243,239	(6,493,235)	45,455,573
Actuarial gain (loss) of post-employment benefits, net of income tax	(10,714,023)	36,851,607	665,078
Addition (reversal) of revaluation surplus on assets, net of income tax	(1,160,903,353)	16,800,000	-
<b>Other comprehensive income (loss) for the year</b>	<b>(1,109,374,137)</b>	<b>47,158,372</b>	<b>46,120,651</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(992,736,021)</b>	<b>83,803,089</b>	<b>189,247,547</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Equity holders of the Company	(999,409,114)	66,677,662	147,268,634
Non-controlling interests of the subsidiaries	6,673,093	17,125,427	41,978,913
	<b>(992,736,021)</b>	<b>83,803,089</b>	<b>189,247,547</b>

**Consolidated Statement of Financial Position**

Unit: Baht

	<b>Consolidated</b>		
	<b>31 December 2013</b>	<b>31 December 2012 (Restated)</b>	<b>1 January 2012</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	370,828,298	571,864,369	478,996,835
Current investment – short-term fixed deposit	10,424,865	-	-
Trade and other receivables	579,009,676	523,115,792	479,336,444
Inventories	123,132,426	133,423,556	144,839,992
Property development cost	3,414,814,251	2,387,510,437	2,631,454,014
Other current assets	204,771,602	192,237,232	195,934,056
<b>Total current assets</b>	<b>4,702,981,118</b>	<b>3,808,151,386</b>	<b>3,930,561,341</b>
<b>Non-current assets</b>			
Restricted deposits at financial institution	41,189	-	-
Long-term fixed deposit	2,000,000	2,000,000	-
Long-term trade accounts receivable	144,442,559	160,078,416	173,031,673
Investments in associates	456,568,175	516,305,462	534,049,159
Other long-term investments	851,652,389	544,332,731	318,949,756
Long-term loans to employees	183,034	2,093,256	2,819,177
Investment properties	1,100,635,059	1,076,544,000	800,340,000
Property, plant and equipment	10,207,075,537	12,819,404,762	13,026,583,106
Deferred tax assets	81,588,647	86,823,203	59,239,597
Goodwill	407,903,881	407,903,881	407,903,881
Leasehold rights	22,912,903	24,765,903	26,666,372
Other non-current assets	69,513,824	69,944,080	70,193,196
<b>Total non-current assets</b>	<b>13,344,517,197</b>	<b>15,710,195,694</b>	<b>15,419,775,917</b>
<b>TOTAL ASSETS</b>	<b>18,047,498,315</b>	<b>19,518,347,080</b>	<b>19,350,337,258</b>

Consolidated Statement of Financial Position (continued)

Unit: Baht

	Consolidated		
	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	170,000,000	-	710,000,000
Trade and other payables	608,574,194	690,934,721	712,363,410
Current portion of long-term loans from financial institutions	457,000,000	422,950,743	356,523,000
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
Other current liabilities	119,137,926	129,056,513	139,752,814
<b>Total current liabilities</b>	<b>1,882,323,191</b>	<b>1,611,476,566</b>	<b>2,340,811,002</b>
<b>Non-current liabilities</b>			
Long-term loans from financial institutions – net of current portion	2,513,325,819	2,974,325,820	2,134,280,743
Provision for long-term employee benefits	54,400,732	53,462,110	120,857,009
Deferred tax liabilities	2,097,827,508	2,372,356,299	2,315,673,971
Other non-current liabilities	97,628,519	91,163,057	79,455,379
<b>Total non-current liabilities</b>	<b>4,763,182,578</b>	<b>5,491,307,286</b>	<b>4,650,267,102</b>
<b>Total liabilities</b>	<b>6,645,505,769</b>	<b>7,102,783,852</b>	<b>6,991,078,104</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
211,675,358 ordinary shares of Baht 10 each	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
Share premium	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	568,130,588	568,130,588	568,130,588
Retained earnings			
Appropriated – statutory reserve	211,675,358	211,675,358	211,675,358
Unappropriated	2,521,328,953	2,441,089,082	2,376,797,731
Other components of shareholders' equity	4,091,793,242	5,192,276,888	5,189,890,577
Equity attributable to owner of the Company	11,122,215,733	12,142,459,508	12,075,781,846
Equity attributable to non-controlling interests of the subsidiaries	279,776,813	273,103,720	283,477,308
<b>Total shareholders' equity</b>	<b>11,401,992,546</b>	<b>12,415,563,228</b>	<b>12,359,259,154</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>18,047,498,315</b>	<b>19,518,347,080</b>	<b>19,350,337,258</b>



**Consolidated Cash Flow Statement**

Unit: Baht

	<b>Consolidated</b>		
	<b><u>2013</u></b>	<b><u>2012</u></b> <b><u>(Restated)</u></b>	<b><u>2011</u></b> <b><u>(Restated)</u></b>
<b>Cash flows from (used in) operating activities</b>			
Net cash inflows (outflows) from operating activities	264,983,255	507,555,666	(460,783,906)
<b>Cash flows from (used in) investing activities</b>			
Net cash inflows (outflows) from investing activities	(203,518,944)	(588,289,860)	20,584,641
<b>Cash flows from (used in) financing activities</b>			
Net cash inflows (outflows) from financing activities	(277,785,405)	168,973,805	(1,103,972,959)
Net exchange differences on transaction of financial statements in foreign currency	15,285,023	4,627,923	1,775,288
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(201,036,071)</b>	<b>92,867,534</b>	<b>(1,542,396,936)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>571,864,369</b>	<b>478,996,835</b>	<b>2,021,393,771</b>
<b>Cash and cash equivalents at end of year</b>	<b>370,828,298</b>	<b>571,864,369</b>	<b>478,996,835</b>

**Separate Income Statement**

Unit: Baht

	<b>Separate</b>		
	<b><u>2013</u></b>	<b><u>2012</u> (Restated)</b>	<b><u>2011</u> (Restated)</b>
<b>Revenue</b>			
Revenue from hotel operations	7,531,600	34,478,700	30,266,913
Revenue from property development operations	224,443,942	73,323,397	96,401,119
Revenue from office rental operations	40,632,272	42,770,398	30,017,626
Other income	237,761,550	168,189,520	942,210,107
<b>Total revenue</b>	<b>510,369,364</b>	<b>318,762,015</b>	<b>1,098,895,765</b>
<b>Expenses</b>			
Cost of hotel operations	331,660	8,129,556	13,636,005
Cost of property development operations	112,188,787	38,151,898	53,623,340
Cost of office rental operations	7,308,059	6,981,229	6,388,423
Selling expenses	17,179,411	11,117,136	18,043,420
Administrative expenses	225,328,750	257,174,571	301,566,701
Reversal of loss on impairment of investment	(31,161,043)	-	-
<b>Total expenses</b>	<b>331,175,624</b>	<b>321,554,390</b>	<b>393,257,889</b>
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>179,193,740</b>	<b>(2,792,375)</b>	<b>705,637,876</b>
Finance cost	(59,913,373)	(40,082,794)	(52,368,433)
<b>Profit (loss) before income tax expenses</b>	<b>119,280,367</b>	<b>(42,875,169)</b>	<b>653,269,443</b>
Income tax expenses	(34,282,728)	(8,340,094)	(7,854,356)
<b>Profit (loss) for the year</b>	<b>84,997,639</b>	<b>(51,215,263)</b>	<b>645,415,087</b>
<b>Profit (loss) attributable to:</b>			
Equity holders of the Company	84,997,639	(51,215,263)	645,415,087
<b>Basic earnings per share</b>			
Profit (loss) attributable to equity holders of the Company	0.51	(0.31)	3.87

**Separate Statement of Comprehensive Income**

Unit: Baht

	<b>Separate</b>		
	<b><u>2013</u></b>	<b><u>2012</u> (Restated)</b>	<b><u>2011</u> (Restated)</b>
<b>Profit (loss) for the year</b>	<b>84,997,639</b>	<b>(51,215,263)</b>	<b>645,415,087</b>
<b>Other comprehensive income:</b>			
Actuarial gain (loss) of post-employment benefits, net of income tax	(3,370,977)	9,275,558	-
Unrealised gain on available-for-sales security, net of income tax	171,301,401	-	-
Addition (reversal) of revaluation surplus on assets, net of income tax	(8,599,310)	6,559,127	-
<b>Other comprehensive income for the year</b>	<b>159,331,114</b>	<b>15,834,685</b>	<b>-</b>
<b>Total comprehensive income (loss) for the year</b>	<b>244,328,753</b>	<b>(35,380,578)</b>	<b>645,415,087</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Equity holders of the Company	244,328,753	(35,380,578)	645,415,087

**Separate Statement of Financial Position**

Unit: Baht

	<b>Separate</b>		
	<b>31 December 2013</b>	<b>31 December 2012 (Restated)</b>	<b>1 January 2012</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17,182,951	53,398,241	26,153,457
Trade and other receivables	205,710,145	183,353,889	187,413,647
Inventories	-	104,634	224,390
Property development cost	245,054,436	245,342,887	276,087,447
Other current assets	26,924,539	30,969,734	16,031,714
<b>Total current assets</b>	<b>494,872,071</b>	<b>513,169,385</b>	<b>505,910,655</b>
<b>Non- current assets</b>			
Long-term fixed deposit	2,000,000	2,000,000	-
Long-term trade accounts receivable	14,063,349	24,890,227	34,859,249
Investments in subsidiaries	3,479,025,077	3,479,025,077	3,408,568,104
Other long-term investments	245,287,796	-	-
Long-term loans to subsidiaries	1,948,000,629	1,690,900,629	1,828,350,629
Long-term loans to employees	23,325	162,966	1,720,852
Investment properties	168,997,818	169,914,661	81,577,940
Property, plant and equipment	50,878,389	174,392,630	256,444,342
Other non-current assets	3,041,643	3,057,237	3,132,194
<b>Total non-current assets</b>	<b>5,911,318,026</b>	<b>5,544,343,427</b>	<b>5,614,653,310</b>
<b>TOTAL ASSETS</b>	<b>6,406,190,097</b>	<b>6,057,512,812</b>	<b>6,120,563,965</b>

**Separate Statements of Financial Position (continued)**

Unit: Baht

	Separate		
	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	150,000,000	-	410,000,000
Trade and other payables	51,223,896	60,900,673	133,217,288
Current portion of long-term loans from financial institutions	70,000,000	70,000,000	70,000,000
Advance received from customers	263,506	23,262,951	142,796,414
Other current liabilities	7,487,798	5,807,590	8,985,575
<b>Total current liabilities</b>	<b>278,975,200</b>	<b>159,971,214</b>	<b>764,999,277</b>
<b>Non- current liabilities</b>			
Long-term loans from subsidiaries	673,850,000	669,650,000	11,200,000
Long-term loans from financial institutions – net of current portion	105,000,000	175,000,000	245,000,000
Provision for long-term employee benefits	11,668,911	9,884,414	33,596,649
Deferred tax liabilities	153,361,368	79,245,863	66,947,098
Other non-current liabilities	7,888,729	11,809,524	11,488,566
<b>Total non-current liabilities</b>	<b>951,769,008</b>	<b>945,589,801</b>	<b>368,232,313</b>
<b>Total liabilities</b>	<b>1,230,744,208</b>	<b>1,105,561,015</b>	<b>1,133,231,590</b>
<b>Shareholders' equity</b>			
Share capital			
Registered			
211,675,358 ordinary shares of Baht 10 each	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
Share premium	2,062,460,582	2,062,460,582	2,062,460,582
Retained earnings			
Appropriated – statutory reserve	211,675,358	211,675,358	211,675,358
Unappropriated	926,195,591	865,403,590	907,343,295
Other components of shareholders' equity	308,287,348	145,585,257	139,026,130
<b>Total shareholders' equity</b>	<b>5,175,445,889</b>	<b>4,951,951,797</b>	<b>4,987,332,375</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,406,190,097</b>	<b>6,057,512,812</b>	<b>6,120,563,965</b>

**Separate Cash Flow Statement**

Unit: Baht

	<b>Separate</b>		
	<b><u>2013</u></b>	<b><u>2012</u> <u>(Restated)</u></b>	<b><u>2011</u> <u>(Restated)</u></b>
<b>Cash flows from (used in) operating activities</b>			
Net cash inflows (outflows) from operating activities	146,336,343	(215,934,353)	223,278,919
<b>Cash flows from (used in) investing activities</b>			
Net cash inflows (outflows) from investing activities	(245,916,972)	64,729,137	520,192,650
<b>Cash flows from (used in) financing activities</b>			
Net cash inflows (outflows) from financing activities	63,365,339	178,450,000	(2,114,566,850)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(36,215,290)</b>	<b>27,244,784</b>	<b>(1,371,095,281)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>53,398,241</b>	<b>26,153,457</b>	<b>1,397,248,738</b>
<b>Cash and cash equivalents at end of year</b>	<b>17,182,951</b>	<b>53,398,241</b>	<b>26,153,457</b>

### 13.1.3 Financial ratios of the Company and its subsidiaries

#### CONSOLIDATED FINANCIAL RATIOS

		Consolidated		
		<u>2013</u>	<u>2012</u> <u>(Restated)</u>	<u>2011</u> <u>(Restated)</u>
<b><u>Liquidity Ratios</u></b>				
Current Ratio	Times	2.50	2.36	1.68
Quick Ratio	Times	0.44	0.61	0.36
Cash Flow From Operating Activities Ratio	Times	0.15	0.26	(0.19)
Receivables Turnover	Times	9.59	10.36	7.66
Collection Period	Days	37.54	34.75	47.00
Inventory Turnover	Times	11.12	9.18	10.29
Inventory Turnover Period	Days	32.36	39.20	34.99
Accounts Payable Turnover	Times	7.99	6.26	6.35
Payment Period	Days	45.06	57.51	56.69
Cash Cycle	Days	24.84	16.44	25.30
<b><u>Profitability Ratios</u></b>				
Gross Profit Margin	%	57.49	57.97	49.40
Profit Margin from Operations	%	9.47	6.82	(3.61)
Net Profit Margin	%	2.57	0.46	2.89
Return On Equity	%	0.94	0.16	0.70
<b><u>Efficiency Ratios</u></b>				
Return On Total Assets	%	0.60	0.10	0.50
Return On Fixed Assets	%	3.15	2.25	2.94
Asset Turnover	Times	0.23	0.22	0.17

CONSOLIDATED FINANCIAL RATIOS (Continued)

			Consolidated		
			<u>2013</u>	<u>2012</u> <u>(Restated)</u>	<u>2011</u> <u>(Restated)</u>
<b><u>Financial Policy Ratios</u></b>					
Debt To Equity	Times		0.58	0.57	0.57
Interest Coverage	Times		2.83	4.27	2.45
Payout Ratio (Cash Basis)	Times		0.31	0.30	(0.15)
Dividend Payout Ratio*	%		50.70	104.93	-
<b><u>Share value</u></b>					
Book Value Per Share	Baht		68.41	74.49	74.15
Earnings Per Share	Baht		0.67	0.12	0.62
Dividend Per Share*	Baht		0.34	0.13	-
<b><u>Growth rate</u></b>					
Total Assets	%		(7.54)	0.87	(12.04)
Total Liabilities	%		(6.44)	1.60	47.86
Total Revenues	%		1.24	19.49	(39.55)
Total Expenses	%		(1.68)	7.58	(10.85)
Net Income (Loss)	%		462.97	(80.93)	(88.98)

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



**SEPARATE FINANCIAL RATIOS**

		Separate		
		<u>2013</u>	<u>2012</u> <u>(Restated)</u>	<u>2011</u> <u>(Restated)</u>
<b><u>Liquidity Ratios</u></b>				
Current Ratio	Times	1.77	3.21	0.66
Quick Ratio	Times	0.11	0.51	0.06
Cash Flow From Operating Activities Ratio	Times	0.67	(0.47)	0.29
Receivables Turnover	Times	12.85	5.88	5.04
Collection Period	Days	28.02	61.22	71.43
Inventory Turnover	Times	6.34	49.42	22.52
Inventory Turnover Period	Days	56.78	7.28	15.99
Accounts Payable Turnover	Times	0.09	1.25	0.54
Payment Period	Days	4,000.00	288.00	666.67
Cash Cycle	Days	(3,915.16)	(219.50)	(579.25)
<b><u>Profitability Ratios</u></b>				
Gross Profit Margin	%	56.04	64.63	53.00
Profit Margin from Operations	%	65.73	(1.85)	450.35
Net Profit Margin	%	16.65	(16.07)	58.73
Return On Equity	%	1.68	(1.03)	11.81
<b><u>Efficiency Ratios</u></b>				
Return On Total Assets	%	1.36	(0.84)	9.15
Return On Fixed Assets	%	32.18	(12.64)	191.08
Asset Turnover	Times	0.08	0.05	0.16

SEPARATE FINANCIAL RATIOS (Continued)

		Separate		
		<u>2013</u>	<u>2012</u> <u>(Restated)</u>	<u>2011</u> <u>(Restated)</u>
<b><u>Financial Policy Ratios</u></b>				
Debt To Equity	Times	0.24	0.22	0.23
Interest Coverage	Times	3.52	(4.29)	14.00
Payout Ratio (Cash Basis)	Times	0.06	(0.12)	0.05
Dividend Payout Ratio*	%	66.67	40.68	-
<b><u>Share value</u></b>				
Book Value Per Share	Baht	31.05	29.71	29.92
Earnings Per Share	Baht	0.51	(0.31)	3.87
Dividend Per Share*	Baht	0.34	0.13	-
<b><u>Growth rate</u></b>				
Total Assets	%	5.76	(1.03)	(23.38)
Total Liabilities	%	11.32	(2.44)	(44.51)
Total Revenues	%	60.11	(70.99)	(29.95)
Total Expenses	%	2.99	(18.23)	(13.79)
Net Income (Loss)	%	265.96	(107.94)	(0.24)

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

#### **14. MANAGEMENT DISCUSSION AND ANALYSIS**

##### **14.1 Analysis on Operating Results and Financial Position**

For the year ended 31st December 2013, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 112 million which is Baht 92 million higher when compared to the prior 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 an 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 prior 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 charged related to building renovation.
- Selling expenses increased by Baht 31 million mainly due to property sales commission. Included in the year under review 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 year before 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 due largely to 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 last year.

### **Hotel Operations**

(Unit: Million Baht)						
	<b>2013</b>	<b>%</b>	<b>2012</b>	<b>%</b>	<b>2011</b>	<b>%</b>
<b>Revenues</b>	3,428	100	3,165	100	2,798	100
<b>Expenses</b>	<u>1,687</u>	<u>49</u>	<u>1,539</u>	<u>49</u>	<u>1,493</u>	<u>53</u>
<b>Gross Operating Profit</b>	<u>1,741</u>	<u>51</u>	<u>1,626</u>	<u>51</u>	<u>1,305</u>	<u>47</u>

Hotel revenues were Baht 263 million and expenses were Baht 148 million higher than last year resulting in operating profit being Baht 115 million higher than last year. The operating margin of 51 percent was the same as 2012 and higher than the 2011 level of 47 percent. The main reasons for this were:

- An increase in revenue of the Laguna Phuket operations is due to the good performance of Laguna Phuket hotels and Banyan Tree Bangkok. 2013 saw a return in demand with a more stable economy and it was also not impacted by the flood which impacted many parts of Thailand the year before. Additionally, Angsana Laguna Phuket had a good full year of

operations as compared to the effect of soft opening in 2012 and only 6 months in 2011 as the hotel was closed in the second half of the year for renovation.

- An increase in the cost of hotel operations is mainly due to the increase in hotel revenue from the good performance of Laguna Phuket hotels and Banyan Tree Bangkok.

**Property Sales and Holiday Club Membership Operations**

	(Unit: Million Baht)					
	2013	%	2012	%	2011	%
<b>Revenues</b>	744	100	892	100	577	100
<b>Expenses</b>	<u>337</u>	<u>45</u>	<u>427</u>	<u>48</u>	<u>225</u>	<u>39</u>
<b>Gross Operating Profit</b>	<u>407</u>	<u>55</u>	<u>465</u>	<u>52</u>	<u>352</u>	<u>61</u>

Revenues and expenses were Baht 148 million and Baht 90 million lower than last year respectively, resulting in a gross operating profit which is Baht 58 million lower than last year. The operating margin of 55 percent was higher than the 2012 level of 52 percent and lower than the 2011 level of 61 percent respectively. The main reasons for the lower revenue are:

- 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.

**Balance Sheet**

The main balance sheet items at 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	Note	31 December 2013	31 December 2012
Cash and cash equivalents	1	371	572
Trade and other receivables	2	579	523
Property development cost	3	3,415	2,388
Other long term investments	4	852	544
Investment properties	5	1,101	1,077
Property, plant, equipment and land	6	10,207	12,819
Loans from banks	7	3,140	3,397
Deferred tax liabilities	8	2,098	2,372
Shareholders' equity	9	11,402	12,416

The main points to be noted in regard to the Balance Sheet movements in the year ended 31 December 2013 are:

1. Main movements are explained in the commentary on Cash Flows below.
2. The increase in accounts receivable balances is due to the increase in property sales receivables, hotel receivables and other receivables offset against decrease in timeshare receivables.
3. The increase in property development cost is mainly due to the transfer of land from property, plant and equipment to property development cost because of development plans in the future.
4. The increase in other long term investment is due to reversal allowance for impairment of investment in Thai Wah Starch PCL amounting to Baht 245 million couple with the additional investment in Banyan Tree Indochina Hospitality Fund during the year.
5. The increase in investment property is due to increase in gain on change in fair value of investment properties.
6. The decrease in property, plant, equipment and land is mainly due to the transfer of land awaiting for development to property development cost.
7. Loans from banks decreased in 2013 due to scheduled loan repayments.

8. Deferred tax liabilities consist mainly of revaluation surplus of assets of Baht 1,374 million, temporary difference arising from revenue recognition of Baht 676 million and gain of change in value of investment properties of Baht 155 million.
9. The decrease in shareholders' equity is mainly due to profit for the year 2013 amounting to Baht 112 million offset against reversal in revaluation surplus on assets amounting to Baht 1,161 million and dividend paid of Baht 21 million.

### **Cash Flows**

The cash and cash equivalents of Baht 371 million as at 31 December 2013 is Baht 201 million lower as compared to 31 December 2012. The main components of cash inflow during the year was the net cash flow from operations amounting to Baht 265 million. This was largely a function of profit for the year adjusted for depreciation and working capital movements.

The drawdown of short-term loan and long term loans of Baht 274 million and the dividend received from investment in associate and other investment of Baht 98 million also contributed to the cash inflow in 2013.

Cash outflow comprised of other investment of Baht 62 million and fixed assets of Baht 232 million which largely relates to the renovation of Angsana Laguna Phuket, Banyan Tree Phuket and the golf course. Furthermore, the Company paid a dividend payment of Baht 21 million and made scheduled repayments amounting to Baht 530 million in long term loans.

<b>Cash Inflow</b>	<b>Million Baht</b>	<b>Cash Outflow</b>	<b>Million Baht</b>
Cash flow from operations	265	Other investment	62
Dividend received from investment in associate and other investment	98	Payments made on construction	232
Cash received from repayment of employee loans and sales of fixed assets	3	Long term loan repayment	530
Short term and long term loans draw down	274	Dividend payment	21
Net exchange differences on translation of financial statements in foreign currency	14	Increase in short term fixed deposit	107
Decrease in cash and cash equivalent	201		2
<b>Total</b>	<b>855</b>	<b>Total</b>	<b>855</b>

## **Commentary on Consolidated Financial Ratios**

### **Liquidity ratios**

- Current ratio – This is higher in 2013 due to the decrease in property development cost coupled with higher short-term loan and current portion of long-term loan from financial institutions.
- Quick ratio – This is lower in 2013 due to the decrease in cash for long-term loan repayments offset against higher advance received from customers from property sales operations.
- Cash flow from operating activities ratio – This is lower than the prior year levels due to lower revenue from property development operations and office rental operations.
- Receivable turnover – This is lower than the prior year levels due to the lower revenue from property development operations and office rental operations offset against higher average accounts receivable.
- Collection period – This is higher than the prior year levels due to the lower revenue from property development operations and office rental operations offset against higher average accounts receivables.
- Inventory turnover – This is higher than the prior year levels due to higher inventory cost offset against lower average inventories.
- Inventory turnover period – This is lower than the prior year levels due to the higher inventory cost offset against lower average inventories.
- Accounts payable turnover – This is higher than the prior year levels due to higher supplier purchases offset against lower average accounts payables.
- Payment period – This is lower than prior year levels due to higher supplier purchases offset against lower average accounts payables.
- Cash cycle – This is higher than the prior year levels due to shorter collection period for property sales, decrease inventory turnover period of hotel operation and shorter payment period.

### **Profitability ratios**

- Gross profit margin, profit margin from operations, net profit margin from operations and return on equity – These are higher than the prior year due to higher revenue from hotel operations.

### **Efficiency ratios**

- Return on total assets, return on fixed assets and asset turnover – These are higher than prior year due to higher revenue from hotel operations.



#### **Financial policy ratios**

- Debt to equity – This is consistent with the prior year.
- Interest coverage – This is lower than prior year due to lower cash flow from operations.
- Pay-out ratio (cash) – This is consistent with the prior year.
- Dividend pay-out ratio – This is based on the dividend policy which is one-third of the consolidated net profit attributable to the shareholders and 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. Based on the dividend payment of Baht 0.34 per share proposed by the Board of Directors, the payout ratio is lower than the year before (compared with restated financial statement 2012) but the final dividend payment is subject to approval at the Annual General Meeting.

#### **14.2 Factors or Events Probably effecting Financial Position or Operation**

Please see section 2 - Nature of business that identify the factors or events probably effecting Financial Position and Operation.

Please see section 13- Financial Highlights that identify the accounting standards that will become effective in the future. However, The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.