



Laguna

RESORTS & HOTELS

2014 Annual Report

CONTENTS

| | |
|---|-----|
| MESSAGE FROM THE MANAGEMENT | 1 |
| FINANCIAL HIGHLIGHTS AND FINANCIAL RATIOS | 3 |
| COMPANY PROFILE | |
| Company History | 4 |
| Milestones | 4 |
| Mission and Vision | 5 |
| Business Relationship with Major Shareholder | 5 |
| Types of Business | 8 |
| Overseas Investment in Hotels and Resorts | 12 |
| Developments in 2014 | 12 |
| Future Plans | 13 |
| Awards | 16 |
| INCOME STRUCTURE AND FINANCIAL ANALYSIS | |
| Income Structure | 18 |
| Explanation and Analysis by Management | 21 |
| ECONOMIC TRENDS : TOURISM IN THAILAND AND THE PHUKET MARKET | |
| Sales and Marketing | 24 |
| The Phuket Situation | 25 |
| Competition | 26 |
| Pricing Strategy | 27 |
| Three Year Outlook | 27 |
| CORPORATE SOCIAL RESPONSIBILITIES | 28 |
| EVENTS IN 2014 | 34 |
| BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY | |
| Board of Directors | 40 |
| Management, Head of Group Internal Audit and Company Secretary of the Company | 46 |
| Details of Positions of Directors and Management | 50 |
| Information on the Directors of Subsidiaries | 52 |
| LAGUNA PHUKET MANAGEMENT TEAM | 54 |
| CORPORATE AND MANAGEMENT STRUCTURE | |
| General Information | 57 |
| Companies in which the Company's Shareholding Exceeds 10 percent | 58 |
| Corporate Structure | 60 |
| Major Shareholders | 61 |
| Management Structure | 62 |
| Method of Appointment and Removal of Directors as Included in the Company's Articles of Association | 68 |
| REMUNERATION | |
| Report of the Nomination and Remuneration Committee | 69 |
| Remuneration Policy | 70 |
| Remuneration and Other Benefits of the Directors during the Year 2014 | 71 |
| Directors' and Management's Remuneration | 72 |
| CORPORATE GOVERNANCE | 73 |
| SUPERVISION ON THE USE OF INSIDE INFORMATION | 90 |
| RISK FACTORS | 91 |
| PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS | 93 |
| LEGAL DISPUTE | 100 |
| REPORT OF THE AUDIT AND RISK COMMITTEE | 101 |
| OPINION OF THE AUDIT AND RISK COMMITTEE ON THE COMPANY'S INTERNAL CONTROL | 103 |
| OPINION OF THE BOARD OF DIRECTORS ON THE COMPANY'S INTERNAL CONTROL | 104 |
| BOARD OF DIRECTORS' RESPONSIBILITY FOR THE COMPANY'S FINANCIAL STATEMENTS | 105 |
| FINANCIAL REPORTS | |
| Independent Auditor's Report | 108 |
| Financial Statements | 109 |
| Notes to Consolidated Financial Statements | 117 |
| AUDITOR'S REMUNERATION | 169 |
| REFERENCES | 170 |
| BUSINESS LOCATION | 171 |
| FACILITIES | 172 |
| ABBREVIATIONS AND COMPANY NAME IN FULL | |

MESSAGE FROM THE MANAGEMENT

The Company's performance in 2014 was severely impacted by the political unrest in Thailand which went on from late 2013 until the Thai Royal Army launched a coup d'état against the caretaker government in May 2014.

As expected the unrest was negatively received by tourists and this was worsened by the numerous travel adversaries to Thailand which were only lifted much later in the year. According to statistics published by the Ministry of Tourism and Sports, overall tourist arrivals to Thailand in 2014 shrank by almost 7 percent as compared to the year before.

The negative impact of the Thai political crisis on our hotels was further exacerbated by the collapse of international oil prices which sent the ruble spiraling and significantly cut Russian spending power towards the end of 2014. This resulted in a decline in Russian tourist arrivals to Phuket in the critical peak season month of December and a shift towards more affordable accommodation which adversely affected our hotels. The Russian business of Banyan Tree Phuket and Angsana Laguna Phuket in 2014 declined 8 percent in terms of room revenue as compared to the year before. In aggregate, the total revenue of our 3 hotels in the year under review dipped 12 percent year-on-year due to weaker occupancies across the 3 properties which impacted both room and food and beverage revenues.

Our property sales business was very encouraging going into 2014 but fizzled out from the 3rd quarter as a result of the Thai political and Russian economic problems. Nevertheless, a total of 124 properties amounting to Baht 1,615 million in value were sold but the majority of these were off plan sales and in accordance to Thai accounting standards can only be recognized when construction is completed in 2015-2016.

In 2014 we finished the complete rebuild of our 18-hole golf course along with the refurbishment of the clubhouse and also added golf cart facilities. The golf course reopened in early January 2015 with much fanfare and received raving reviews in numerous golf magazines and media. We are proud that it is now the best course in Phuket and this will put us in good stead to attract more members and golf enthusiasts on holiday to select our hotels.

Although the Thai political scene has been calm after the coup d'état, the political impasse is not resolved. Furthermore, there is still no light at the end of the tunnel to the Russian economic problems. While we take comfort in our healthy property sales revenue pipeline we remain cautious as we head into 2015, we will endeavor to drive our core business to maximize profit and cash flow.



Ho KwonPing
Chief Executive Officer



Banyan Tree Bangkok

FINANCIAL HIGHLIGHTS AND FINANCIAL RATIOS

Financial Highlights

(Unit : Million Baht)

| Information from Consolidated Financial Statements | 2014 | 2013 | 2012 (Restated) |
|--|-----------|------------|--------------------|
| Total Assets | 18,714 | 18,047 | 19,518 |
| Total Liabilities | 7,306 | 6,646 | 7,103 |
| Total Shareholders' Equity | 11,408 | 11,402 | 12,416 |
| Revenue from Hotel Operations | 3,040 | 3,428 | 3,165 |
| Revenue from Property Development Operations | 815 | 744 | 893 |
| Total Revenue | 4,016 | 4,352 | 4,299 |
| Operating Profit (Loss) | 228 | 404 | 283 |
| Share of Gain (Loss) from Investment in Associate | (36) | (22) | (5) |
| Finance Cost | (162) | (180) | (180) |
| Income Tax Expenses | (9) | (85) | (61) |
| Non-Controlling Interests of the Subsidiaries | (3) | (5) | (17) |
| Profit (Loss) for the Year | 18 | 112 | 20 |

Financial Ratios

| Information from Consolidated Financial Statements | 2014 | 2013 | 2012 (Restated) |
|--|-------------|-------------|--------------------|
| Quick Ratio (Times) | 0.26 | 0.44 | 0.61 |
| Receivables Turnover (Times) | 8.91 | 9.62 | 10.36 |
| Accounts Payable Turnover (Times) | 7.55 | 7.99 | 6.26 |
| Return on Total Revenue (%) | 0.45 | 2.57 | 0.46 |
| Return on Total Equity (%) | 0.16 | 0.94 | 0.16 |
| Return on Total Assets (%) | 0.10 | 0.60 | 0.10 |
| Earnings Per Share (Baht) | 0.11 | 0.67 | 0.12 |
| Dividend Per Share (Baht) | 0.125* | 0.34 | 0.125 |
| Net Asset Value Per Share (Baht) | 68.44 | 68.41 | 74.49 |
| 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 0.125 per share but this is subject to the approval of the Annual General Meeting.

COMPANY PROFILE

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 (The Group) 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 Group acquired a large parcel of land adjacent to Laguna Phuket for future development opportunities. |
| 2005 | The Group 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 Group entered into an agreement to acquire additional land adjacent to Laguna Phuket for future development. |
| 2009 | The Group 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. |
| 2013 | Upgrade of Laguna Phuket Golf Club from mid 2013 to end 2014 which included the golf course, club house and the introduction of golf carts. |

COMPANY PROFILE

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 diversity 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

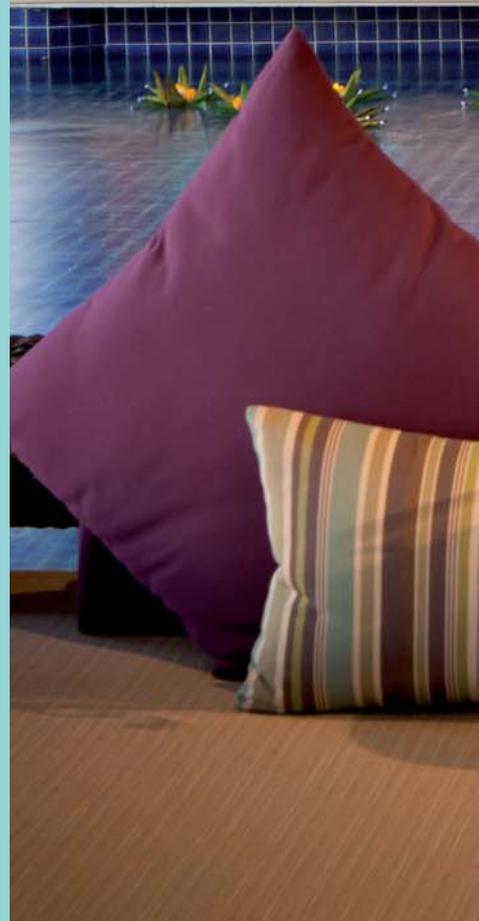
To be a leading international hotel and property developer with full commitment to environmental protection, social responsibility and maximum satisfaction to all stakeholders.

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 which directly and indirectly holds 65.8 percent in aggregate of the total issued and paid-up shares 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", "Angsana" and "Cassia", 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.







COMPANY PROFILE

Type of Business

The key businesses of the Group are hotel operations, property development operations and office rental. The Group'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 Laguna Holiday Club Phuket Resort 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 | 324 (402) | BGL (100%) | Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited |
| Banyan Tree Phuket | Bangtao, Phuket | 1995 | 109 (173) | LBTL (100%) | Banyan Tree Hotels & Resorts Pte. Ltd. and Banyan Tree Hotels & Resorts (Thailand) Limited |
| Outrigger Laguna Phuket Resort & Villas | Bangtao, Phuket | 2009 | 14 (47) | LVL (100%) | Outrigger Hotels (Thailand) Limited |
| Laguna Holiday Club Phuket Resort** | Bangtao, Phuket | 2006 | 79 (79) | LHC (100%) | Owner-operated |
| Banyan Tree Bangkok | Sathorn, Bangkok | 2002 (purchased in 2005) | 304 (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 Group and those which have been sold as property sale units or holiday club membership.

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

COMPANY PROFILE

Hotel – Related Operation

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 operation | 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 (100%) | 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 many outlets worldwide operated and managed under these companies, 6 of which are located within Laguna Phuket. |
| Angsana Wedding Chapel | 2005 | BGL (100%) | Thailand's first resort wedding chapel offering comprehensive wedding packages and well positioned to capture the lucrative wedding market. |



Cassia

COMPANY PROFILE

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 Villas Apartment | 37 - 38 12 11 - 29 |
| Cassia | Phuket | Apartment | 5 - 10 |
| Laguna Park | Phuket | Detached Homes TownHome | 14 - 16 9 - 11 |
| Banyan Tree Phuket | Phuket | Grande Residences Double Pool Villa Two-Bedroom Pool Villa | 101 - 110 42 - 46 35 |
| Dusit Thani Pool Villas | Phuket | Two-Bedroom Pool Villa | 22 |
| Banyan Tree Bangkok | Bangkok | Apartment | 21 - 24 |

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.

Laguna Phuket Rental

Launched in late 2014, Laguna Phuket Rental offers holiday and long-term rentals service for all non-hotel branded residential properties developed by the Group in Laguna Phuket. The objective of this service is to further enhance the ease of property ownership in Laguna Phuket which is unmatched by any other development in Phuket. The service now provides a one stop shop for housekeeping, maintenance and rental services on an optional basis for property owners.

COMPANY PROFILE

Holiday Club Business

Laguna Holiday Club commenced operations in 1998 selling memberships that entitle participants to annual vacations at the current participating member home resorts of Laguna Holiday Club Phuket Resort, Allamanda Laguna Phuket, Angsana Laguna Phuket, Laguna Holiday Club Private Pool Villas, Angsana Resort & Spa Bintan, Twin Peaks Chiang Mai, Boathouse Hua Hin and View Talay Residence 6 Pattaya. Members also have access to over 6,000 resorts in more than 100 countries through reciprocal affiliated arrangements with RCI and Interval International. Laguna Holiday Club currently has a sales office 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 125 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, the Group has other investments overseas through Tropical Resorts Limited (TRL) and Bibace Investments Ltd (BI) which invest in luxury resorts largely throughout the Pacific Rim area.

Developments in 2014

In December 2014 the Group completed a full upgrade of Laguna Phuket Golf Club which included the rebuild and layout redesign of the 18-hole golf course and the refurbishment of the club house. This investment greatly enhances the standard of the golf course making it the newest and the best resort course in Phuket. As part of the upgrade, golf cart pathways were constructed to accommodate golf carts for players on an optional basis.

In the property segment, the strong interest in the Group's residential developments continued from 2013 and in 2014 the Group achieved a total sale of 124 properties amounting to a sales value of Baht 1,615 million. The Group also launched a new project called "Banyan Tree Grande Residences" which is a luxurious villa development located at Banyan Tree Phuket catering to discerning investors looking for the most prestigious address in Phuket.

COMPANY PROFILE

Future Plans

The Group is 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 Group will focus on residential property development as its impetus of growth, it is therefore important to build up a pipeline of property sales and to do this the Group needs to maintain average annual sales at significant high level for sustainable revenue growth. The Group 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 Group's policy to have the hotels maintain their reputation as being luxury hotels with timely and periodic renovations and refurbishments of hotel rooms and public areas. The villas / rooms in Banyan Tree Phuket and Banyan Tree Bangkok are slated to undergo an upgrade during the low season months in 2015.

Property Sales

The Group 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. As a result of the market dynamics, the strategy to offer more affordable homes (sub Baht 10 million) have been continuously implemented, particularly catering to the emerging Asian middle-class with the Cassia Phuket (a new brand by Banyan Tree for serviced apartment) and Laguna Park (townhomes and detached homes) in order to keep pricing points attractive. Cassia Phuket and Laguna Park are expected to account for a significant proportion of sales. That being said, the Group recognizes there is demand for very high-end branded villas and has therefore launched Banyan Tree Grande Residence in 2014 to target this niche market.

Other Hotel Operations

To further strengthen Laguna Phuket as Asia's finest integrated resort destination, the Group will continue to explore ways to enhance guests' experience by improving and increasing recreational, lifestyle and sporting amenities within Laguna Phuket. With the completion of the Laguna Phuket Golf Course rebuild at the end of 2014, which reopened to much acclaim in January 2015, the Group will look at more family oriented offerings such as unique retail and dining experiences.



Laguna Park



Banyan Tree Phuket



COMPANY PROFILE

Awards

During 2014, the hotels, Banyan Tree Spa and Angsana Spas were recognised for their achievements by receiving the following awards:

Banyan Tree Phuket was voted:

- Best Hotel in Phuket
DestinAsian Reader's Choice Awards - February 2013
- No. 1 Best Spa Hotel in Asia
Smart Travel Asia's 2014 Best in Travel Poll - September 2014
- 5th in the Destination Spas
9th in the Hotel Overseas Spas
6th in the Asia & India
Conde Nast Reader's Awards 2014

Banyan Tree Spa was voted:

- 25th Annual TTG Travel Awards 2014
Best Spa Operator (10th Grand Year)
- 2014 World Luxury Spa Awards
Global Winner - Best Luxury Spa Group
(for 3rd consecutive year)
- Shanghai Morning Post - 2013 Tourism Industry Awards
Best Spa Brand (for 2nd consecutive year)
- Hurun Report China - 2014 Best of the Best Award
Best Spa Brand (for 8th consecutive year)
- The 9th China Hotel Starlight Awards 2013
Best Hotel Spa Operator of China - 6th consecutive year
- SpaChina Awards 2014
Best Management Global Spa Brand of the Year
- DestinAsian Readers' Choice Awards 2014
Favourite Hotel Spa in the World
(for 2nd consecutive year)
- 2014 Golden Horse Awards of China Hotel
Best Spa Brand

Banyan Tree Spa Phuket was voted:

- Travel + Leisure India & South Asia's Readers Choice Awards 2013
The Best Destination Spa in the World
- 17th Condé Nast Traveller - Readers' Travel Awards
Destination Spa - 5th - Banyan Tree Spa Phuket
Overseas Hotel Spas - 9th
- US Celebrated Living Readers' Choice Platinum List 2014
Top 25 International Spas - Ranked 7th 2014
- SmartTravelAsia.com 2014 - Best in Travel Poll
Top 25 Spa Hotels & Resorts - 1st (2nd consecutive year)

Banyan Tree Spa Sanctuary, Phuket was voted:

- Jetsetter - 2014 Best of the Best Hotel Awards
Best For Pampering - Top 3
- Spafinder Wellness 365™ Wellness Travel Awards 2014
Country Awards: Thailand

Banyan Tree Gallery, Phuket was voted:

- 2014 Golden Horse Awards of China Hotel
Best CSR Hotel Retailer Award

Angsana Laguna Phuket was voted:

- Thailand's Leading Family Resort 2014
2014 World Travel Awards
- #1 in Top 25 Family Hotels in Thailand
TripAdvisor 2014 Travellers' Choice Awards
- #9 in Top 25 Family Hotels in Asia
TripAdvisor 2014 Travellers' Choice Awards
- Best of Family Travel Awards- Finalist
Out & About with Kids Australia 2014

COMPANY PROFILE

Banyan Tree Bangkok was voted:

- Certificate of Excellence for the Year of 2014
Tripadvisor
- Certificate of Excellence 2014 Winner
“Top Performance” Overall Revenue 2013/2014
Expedia
- Quality Selection 2014
Holiday Check
- The Global Travel Experience Award 2014
“Best Hotel Bar”
Zanadu
- Gold Circle Award
Agoda
- Good Nursery Certification
Ministry of Social Development and Human Security
- Health Promotion Hotel
Smoke Free Hotel Program 2014-2016
- 5-Star Hotel Standard - Thailand Tourism Standard
2014-2016
Office of Tourism Development,
Ministry of Tourism and Sports of Thailand
- Clean & Green Certificate 2014
Bangkok Metropolitan Administration
- Bai Yun - Thailand’s Best Restaurant 2014
Thailand Tatler
- Vertigo - Certificate of Excellence for the Year of 2014
Tripadvisor
- Saffron - Certificate of Excellence for the Year of 2014
Tripadvisor
- Apsara - Certificate of Excellence for the Year of 2014
Tripadvisor
- Vertigo & Moon bar - 16 incredible rooftop bars (rank no.4)
CNN Traveller

Banyan Tree Spa Bangkok was voted:

- US Celebrated Living Readers’ Choice Platinum List 2014
Top 25 International Spas - Ranked 7th
- Agoda.com - 2014 Top 10 World’s Best Hotel Spas
Top 10 World’s Best Hotel Spas
- 21st World Travel Awards 2014
Asia’s Leading City Spa Hotel 2014
- Singapore Tatler Readers’ Choice Awards 2014
Favourite Spa - Banyan Tree Spa Bangkok

Outrigger Laguna Phuket Resort And Villas was voted:

- The excellent hotel 2014
Trip Advisor
- The Winner of 2014 Best of Family Travel
Out & About with kids

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)

| | 2014 | % | 2013 | % | 2012 | % |
|-----------------------------------|------------------|------------|------------------|------------|------------------|------------|
| Revenue from Hotels | 3,039,991 | 76 | 3,428,458 | 79 | 3,164,823 | 74 |
| Revenue from Property Development | 815,205 | 20 | 744,417 | 17 | 892,572 | 21 |
| Revenue from Office Rental | 90,369 | 2 | 88,543 | 2 | 92,397 | 2 |
| Other Income | 70,861 | 2 | 91,017 | 2 | 149,487 | 3 |
| Total Revenue | 4,016,426 | 100 | 4,352,435 | 100 | 4,299,279 | 100 |

The most significant lines of business of the Group are hotels and property development operations for which further details are provided below. Note 36 to the financial statements of the Company for the year ended 31 December 2014 (note 38 and 36 for the year ended 31 December 2013 and 2012 respectively) discloses the operating results by business segment in accordance with accounting standards and principles.

| Hotel Operations – Overall | 2014 | 2013 | 2012 |
|--|------------------|------------------|------------------|
| Occupancy (%) | | | |
| Angsana Laguna Phuket | 64 | 73 | 56 |
| Banyan Tree Phuket | 60 | 68 | 69 |
| Banyan Tree Bangkok | 59 | 80 | 74 |
| Average – LRH Hotels | 61 | 75 | 65 |
| Average Room Rate (Baht) | | | |
| Angsana Laguna Phuket | 4,983 | 4,861 | 4,614 |
| Banyan Tree Phuket | 16,094 | 15,926 | 15,745 |
| Banyan Tree Bangkok | 4,132 | 3,792 | 3,672 |
| Average – LRH Hotels | 6,778 | 6,372 | 6,488 |
| Total Revenue (Thousand Baht) | | | |
| Angsana Laguna Phuket | 790,614 | 894,736 | 673,296 |
| Banyan Tree Phuket | 880,586 | 962,145 | 993,541 |
| Banyan Tree Bangkok | 754,534 | 889,732 | 804,982 |
| Total LRH Hotels | 2,425,734 | 2,746,613 | 2,471,819 |
| Gallery operations | 222,754 | 236,948 | 239,781 |
| Other hotel-related operations | 391,503 | 444,897 | 453,223 |
| Total Revenue of Hotel Operations | 3,039,991 | 3,428,458 | 3,164,823 |

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Hotel Operations –Overall

The total combined hotel revenue in 2014 fell short of 2013 by 12 percent and this is largely attributed to the adverse impact of the Thai political crisis in the first half of the year under review. The political instability which started in late 2013 led to the imposition of nation-wide curfews for several months in 2014 and eventually culminated in a coup by the Thai army on 22 May 2014. As these political problems took place in and around Bangkok, Banyan Tree Bangkok's performance was more affected than the two properties in Phuket although many countries issued travel advisories cautioning people to defer and/or avoid travel to Thailand which impacted the overall Thai hospitality industry.

The Russian business, which has become a major income contributor for many Phuket hotels including Banyan Tree Phuket and Angsana Laguna Phuket in recent years, fared poorly in the critical year-end peak season in 2014 as the Russian economy hit a snag causing a significant devaluation of the ruble. This further impeded the performance of the two hotels in Phuket.

Most of 2013 was relatively peaceful and free of any major problem which provided a conducive operating environment for the hotel industry. Unfortunately in late November the Thai political crisis flared up and this caused significant damage to the critical year-end business for most hotels across the nation. Despite the less than desirable performance in the last 2 months of the year, Banyan Tree Bangkok achieved its best ever results.

In the year 2012 Banyan Tree Phuket benefitted from several large group businesses including the Amway China event and Indian weddings which helped its overall performance. Although Angsana Phuket also had its share of group business the hotel's performance was held back by a poor first quarter due to the soft opening of the property after the renovation and rebranding in the prior year. Banyan Tree Bangkok also posted strong results by taking advantage of the surge in tourist arrivals from mainland China.

Property Development Operations

(Unit: Thousand Baht)

| Property Development Operations | 2014 | % | 2013 | % | 2012 | % |
|--|----------------|------------|----------------|------------|----------------|------------|
| Property Sales business | 626,151 | 77 | 515,893 | 69 | 742,863 | 83 |
| Holiday Club business | 189,054 | 23 | 228,524 | 31 | 149,709 | 17 |
| Total Revenue – Property Development Operations | 815,205 | 100 | 744,417 | 100 | 892,572 | 100 |

Property Sales Business

Although a total of 124 properties amounting to Baht 1,615 million in revenue were sold in 2014, only the revenue of 30 units could be recognized based on accounting income recognition policies as the construction of the other 94 units were not completed. The revenue of the 94 units will be recognized as they get completed in 2015-2016. 19 units and 26 units were recognized in 2013 and 2012 respectively.

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Holiday Club Business

In 2014 Holiday Club did not perform as well as the prior year. As Holiday Club rely heavily on hotel guests for their source of prospective customers, the decline in the hotel business in 2014 due to reasons explained earlier had an adverse impact on their business. Additionally, the closure of the Bangkok sales branch in the prior year further reduced Holiday Club's business in the year under review.

Other Income

(Unit: Thousand Baht)

| Other Income | 2014 | 2013 | 2012 |
|--|---------------|---------------|----------------|
| Gain on revaluation of investment property | 4,122 | 24,091 | 81,204 |
| Interest income | 20,217 | 25,242 | 34,019 |
| Dividend income | 25,551 | 12,775 | - |
| Rental and service fee | 12,954 | 11,209 | 10,598 |
| Others | 8,017 | 17,700 | 23,666 |
| Total Other Income | 70,861 | 91,017 | 149,487 |

The gain on revaluation of investment property relates to the office units for lease at Thai Wah Tower I located in Bangkok and the Canal Village retail development located in Laguna Phuket. A revaluation of these two properties are conducted annually by an independent appraiser.

Dividend income mainly relates to the Group's investment in Thai Wah Starch Public Company Limited.

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Explanation and Analysis by Management

For the year ended 31 December 2014, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 18 million which was Baht 94 million lower when compared to the year before.

Total revenue for the year was Baht 336 million as compared to last year and this was mainly due to the following:

- Revenue from hotel operations decreased by Baht 388 million. This was mainly due to the drop in occupancy rate in Laguna Phuket hotels and Banyan Tree Bangkok which were adversely impacted by the political unrest in Thailand and the devaluation of the ruble resulting in a sharp decline in Russian guests.
- A total of 113 property sales units amounting to Baht 1,522 million in value were sold in 2014 but only 30 units with a combined revenue of Baht 597 million from current and past years sales were recognized in accordance with Thai accounting standard. There are a total of Baht 2,520 million which will be recognized over the next 2 years barring any cancellations. The sales revenue recognized in 2014 was Baht 70 million higher than prior year in which 19 units were recognized. The higher sales revenue in 2014 was partially offset by the lower revenue from the sale of holiday club memberships.
- Revenue from office rental operations increased by Baht 2 million due largely to the increase in rental rate.
- Other income decreased by Baht 20 million mainly due to lower gain on change in fair value of investment properties when compared to the last year

Total expenses decreased by Baht 161 million as compared to last year due mainly to the following:

- Cost of hotel operations decreased by Baht 154 million which was in line with the lower hotel revenue.
- Cost of property development operations increased by Baht 87 million as a result of the increase in property sales recognized during the year.
- Cost of office rental operations increased by Baht 2 million due to higher common area charges which relates to higher building maintenance costs.
- Selling expenses decreased by Baht 46 million mainly due to lower expenses of hotel operations and the holiday club business offset by the higher expenses of property sales operation. This is in line with the revenues of each operation.
- Administrative expenses decreased by Baht 206 million mainly due to a decrease in staff costs, legal fee and write-off expenses offset by an increase in provision for a legal case.
- Reversal of loss on impairment of investment of Baht 89 million in 2014 is the reversal of the remaining amount of provision for impairment of investment in Thai Wah Starch Public Company Limited. In 2013 the Company reversed Baht 245 million. The total provision is Baht 334 million.

INCOME STRUCTURE AND FINANCIAL ANALYSIS

Share of loss from investment in associate increased by Baht 15 million relates to the higher loss of Lijiang Banyan Tree Hotel Company Limited.

Finance cost decreased by Baht 18 million as compared to last year. This is mainly due to lower loan balances and interest rates in the current year.

Income tax expenses decreased by Baht 77 million as compared to the prior year and this is due largely to lower profit and no non-refundable withholding tax in the current year.

Profit attributable to non-controlling interests of the subsidiaries decreased by Baht 2 million as compared to last year due mainly to lower profit of Laguna Service Company Limited in which there is a 27 percent non-controlling interest.

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

พิกัด 50/50

CANAL VILLAGE

LAGUNA - SHOPPING



ECONOMIC TRENDS

Sales and Marketing

Hotels

All of the Group'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 years, market segmentation analysis, pricing strategy, promotion and PR plans etc.

The 2014 markets, source of reservations and geographical segmentations in terms 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 74 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 50 percent are from direct bookings. |
| Geographical Segmentation | <p>Asia 40 percent, mainly from People's Republic of China, Hong Kong, Korea, Japan and Singapore</p> <p>Europe 47 percent, mainly from Russia, United Kingdom, Germany, Switzerland and France</p> <p>Oceania 4 percent</p> | <p>Asia 51 percent, mainly from People's Republic of China, Japan, Taiwan, Korea and Hong Kong</p> <p>Europe 32 percent, mainly from United Kingdom, Germany and France</p> <p>Oceania 7 percent</p> |

The increase in supply of upscale hotels in recent years has increased competition and combined with the strength of the Thai Baht has resulted in downward pressure on room rates. The Group 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.
- 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, except Russian economic.

ECONOMIC TRENDS

Property Sales

The property sales business has improved in 2013-2014 and the Group 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 Cassia holiday apartments, Laguna Park projects comprising, 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 Group will stay very close to market forces to ensure that the Group 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 2016. 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.
- Continued Road network improvements.
- 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.

ECONOMIC TRENDS

Competition

Laguna Phuket Hotels

The competitive set of Laguna Phuket are upper-tier hotels and luxury villas. There continues to be development activity. The main 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• Renaissance Phuket Resort & Spa• The Westin Siray Bay Resort & Spa | <ul style="list-style-type: none">• The Amanpuri• Trisara• Six Senses• Sri Panwa• Anantara | <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

The majority of Laguna Phuket’s direct competitors are located along the northwest coast where much of the newer, upper-end properties are located. The less developed east-coast does not have the same quality of infrastructure and lacks good quality beaches. Further, due to the high price of land and freehold ownership being available to foreigners, there has been an increased number of condominium developments in recent years.

Laguna Phuket has a combination of its brand, location, quality and range of products to set it apart from its competitors. There are many developers targeting buyers in the sub Baht 10 million segment, including large Bangkok based developers such as Sansiri, Supalai and Land & House. However, they are primarily targeting the domestic market and do not compete directly with the resort based product such as ours. Other developments targeting secondary home buyers currently are not as well located or have a strong brand identity.

ECONOMIC TRENDS

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 Group will need to maintain vigilant and be flexible on its room rates to adapt to market changes 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. Continued from 2013, sales volume increased due to the implementation of a new strategy to offer more affordable vacation homes (sub Baht 10 million), with the launch of Cassia, 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 townhomes (from Baht 7-11 million) and detached homes (from Baht 12-16 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 holiday destination. Several major international operators are now present or are 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 RESPONSIBILITIES

Overview

Corporate Social Responsibility (CSR) is a major undertaking at Laguna Phuket. We turn profits into a strong ethically motivated focus on socially responsible business that touches all stakeholders in our quest to deliver environmental and social benefits alongside increasing economic performance.

Since the establishment in 1984, which began with the rehabilitation of Bangtao Bay - once a tin mine and declared by the United Nations Development Program as: “too environmentally damaged to have any development potential,” – we have continued to safeguard our natural environment, cultural heritage, and promote a shared prosperity. We continuously support associates with fair employment and well-rounded benefits, it has also maintained a commitment to communities through community relations and CSR efforts.

Our Community Relations & CSR programs are categorized under the following focus areas:

1. Cultural Diversity
2. Social Equity
3. Educational Empowerment
4. Health & Sports Promotion
5. Environmental Preservation

Operation and Report Preparation

The report on CSR initiatives is included in CSR Section of the Company’s annual report. The 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 established the Corporate Social Responsibility (CSR) Committee named “Laguna Phuket Social Committee”. This committee strives to contribute towards environmental, educational and social development programs. There is no report of claim on impact of the Company’s business operations on CSR.

CSR Initiatives and Projects

1. Cultural Diversity

Our Cultural Diversity 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 by tourism and preservation of the local way of life.

Buddhist Lent

Over 200 Laguna Phuket management and associates paraded on the 2km route to Som Phan Ngor Monastery, a local temple, in celebration of Buddhist Lent Day on 9 July 2014. The procession, with a float that showcased an elaborately

CORPORATE SOCIAL RESPONSIBILITIES



carved Lent candle, wove through Chergntalay community and collected Baht 43,621 in donations for the temple. Laguna Phuket has been committed to celebrating Buddhist Lent for 19 years.

Vegetarian Festival

The Phuket Vegetarian Festival is an annual event held during the ninth lunar month of the Chinese calendar, in 2014 the festival fell on 24 September to 3 October. Baht 129,506 was donated for food and supplies given to local shrines and set up an offering shelter to worship Ma-Song devotees through whom the gods are said to enter during the annual Phuket Vegetarian Festival.

Loy Krathong

For the community Loy Krathong festival, Laguna Phuket has hosted an event jointly with Chergntalay Municipality for 13 years. Our annual Loy Krathong festival brings people together on full moon night of 6 November 2014, we provide great entertainment to more than 4,000 community members and tourists to relax around and enjoy. Then in the honorable ways of traditions and peaceful observances we pay respect to the water goddess Pra Mae Khongkha and the water spirits.

CORPORATE SOCIAL RESPONSIBILITIES

2. Social Equity

Our social equity initiatives aim to build the capacities of local communities and associates through socially beneficial projects whereby community members and associates can benefit from our support for their personal betterment as well as professional advancement.

Seedlings – Social Enterprise Restaurant

Seedlings is the first restaurant launched by Laguna Lang Co under Banyan Tree's group-wide mentorship programme with the aim to provide training and job opportunities for disadvantaged local youths, giving them the necessary life skills to forge successful careers in hospitality. The programme is designed for disadvantaged and marginalised local youths, aged between 17-25 years old. In September 2014, fifteen local youths in Phuket were selected from over 80 interested applicants. Since then, they have gone through a series of interviews, orientation, and workshops that will prepare them for the actual training programme.

Training and mentoring programme focuses on career and personal development. Other training courses provided include English language and computer skills training. The 18-month programme is divided into two phases – the first 9 month focusing on food & beverage skills training at Banyan Tree and another 9 month working experience in Seedlings restaurant. The Seedlings curriculum is developed in consultation with Prince of Songkla University, Phuket campus.

Laguna Phuket Associates Saving Co-Operative

Laguna Phuket Social Committee successfully established the Laguna Phuket Associates Saving Co-Operative in January 2010 with the objective of providing secure, reliable, profitable, and fair financial services to members. As "shareholders," members are entitled to such benefits as annual dividends, low interest loans, and high interest savings schemes. To-date the share volume reached Baht 32 million with 900 members.

Laguna Phuket Children's Day

Laguna Phuket has organised the 22nd Children's Day event on 11 January 2014. More than 5,000 people participated. Children and their families enjoyed various activities in celebrating the day with laughter and family togetherness. Our children's day activities aim to encourage and inspire children to become active, informed and concerned citizens of the next generation, and to help them recognize the importance of their role in the society.

3. Educational Empowerment

Educational empowerment initiatives aim to build the capacities of local communities and associates through our programmes that empower people of all ages. To help people pursue a life-long learning journey, and realize their potential.

At Laguna Phuket, we seek to fulfil our stakeholders' needs in order to match guidance and knowledge to their own interests and sources of inspiration. We believe that there is no greater empowerment than the will and feverish desire to learn something new every day.

CORPORATE SOCIAL RESPONSIBILITIES

Laguna Phuket Kindergarten

Originally established in 1992 as a Child Care Centre. The centre is widely acknowledged as one of the best in Thailand and at the end of 2008 was formally established as Laguna Phuket Kindergarten under the guidance of the Ministry of Education. Today, the greatly-expanded programme caters to 167 children aged between three to six, with 11 certified teachers creating fun and educational daily activities.

Laguna Phuket Community Learning Centre (CLC)

Laguna Phuket Community Learning Centre (CLC) was established in March 2007 from Phuket Tsunami Recovery Funds (PTRF) to develop long-term assistance for those affected by the 2004 Tsunami, it was originally set up as community English language centre providing free English courses to community members, with the generous support of Cherngtalay Sub-District Administrative Office.

To-date 7,328 learners have enrolled with our programme (4,250 learners completed Beginner Level, 3,025 learners completed Intermediate Level, and 13 learners completed Advanced Level).

In 22 December 2014, the newly refurbished centre was relaunched as the Community Learning Centre in recognition of the 10th Tsunami commemoration and will become a community hub where people can develop their general life skills, and further their knowledge in Chinese, and performing arts in addition to English courses.

Fully Booked! Mobile Learning Centre (MLC)

The National Statistical Office Thailand reported in 2008 that more than 14 percent of Thai people cannot read, and over one third of Thais do not read for pleasure or self education. Our experience, coupled with these alarming numbers, has compelled us to initiate the “Fully Booked! Mobile Learning Centre” project which aims to re-introduce reading, the basis of self-empowerment. The Mobile Learning Centre was launched in April 2014 with the objective to provide a 2-in-1 service as a library and a classroom to increase the rate and quality of literacy among pilot schools in Phuket and neighbouring provinces.

Our programme start-up was funded by Baht 2.2 million fundraised from Laguna Phuket sports events and another Baht 2.2 million matching fund from Banyan Tree Global Foundation. To-date MLC visits schools 4 days per week, benefiting over 600 students and 60 teachers in Phuket and Pang-Nga.

Sustainable School Development

Laguna Phuket in collaboration with the Population and Community Development Association, partnered with Baan Yaansabaa School in Pang Nga province to improve the schools and quality of education in a sustainable way.

The sustainable school development project arose from consultation with associates, who identified their alma mater schools as worthy institutions in urgent need of sustaining aid. The initial funding is obtained via fundraising events organised by our associates raised Baht 280,000, and additional funding of Baht 1 million is supported by the Banyan Tree Global Foundation.

CORPORATE SOCIAL RESPONSIBILITIES



4. Health & Sports Promotion

Laguna Phuket is dedicated to helping people achieve a sensible work-life balance. We encourage people to work hard, and we promote play and leisure. We believe that leisure is the most fun when it exercises the mind and body, so our health and sports promotion events focus on meaningful sporting activities, such as Survival Swim and Red Cross Blood Donation.

Red Cross Blood Donation

Laguna Phuket is one of Thailand's prominent corporate blood donors to the Thai Red Cross Blood Donation Programme. Since 2003, we have donated 1,376,550 cc of blood and 3,059 associates have participated in our Blood Drive programme. In September 2014, Laguna Phuket was awarded the Certification of Honour presented by HRH Princess Maha Chakri Sirindhorn, the Executive Vice President of the Thai Red Cross Society, in recognition of Laguna Phuket's long-term contribution and commitment to Red Cross blood donation.

CORPORATE SOCIAL RESPONSIBILITIES

Survival Swim

Survival Swim teaches children how to survive in water, either a swimming pool or in the ocean. How can children in a seaside community not know how to swim? Yet many do not. Laguna Phuket is committed to seeing that no children are scared of water but do have a healthy respect of the ocean and even for play in and around swimming pools. We make sure they have a chance to save themselves if they find themselves in trouble in the sea. We provide free swim training lessons to primary school students in Phuket.

The funding support of Baht 1.2 million was raised from Laguna Phuket sports and community events in 2011. To-date, 2,120 students have been trained since 2011 and 700 students have been trained in 2014.

5. Environmental Preservation

Our Environmental Conservation initiatives emphasize raising awareness 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 Island and nearby provinces.

EarthCheck

EarthCheck is the environmental certification programme that Laguna Phuket is registered as a precincts with the key objective to monitor our environmental practices to achieve sustainability outcomes in our business operations by providing a framework for environmental and social sustainability.

Laguna Phuket has received EarthCheck's Bronze Status in September 2014 and is in process for Silver Status which is to be announced in the first quarter of 2015.

Mangrove Tree Planting

Since 2007, Laguna Phuket has worked in collaboration with Phuket Mangrove Station 23. In 2014, we have planted 4,500 mangrove saplings. To-date over 20,000 mangrove saplings were planted in southern provinces of Thailand. 700 associates have participated with this project and 350 community members have joined us.

Sea Turtle Conservation

Laguna Phuket has supported sea turtle conservation programmes in Phuket province since 1994. Our efforts focus on raising funds and awareness in support of the Phuket Marine Biological Centre and 3rd Area Naval Command, Royal Thai Navy, whose ongoing conservation and rehabilitation programmes include studies of nesting behaviour, tracking and analysis of turtle migration via microchips and satellite tracking devices attached to released turtles.

90 turtles were released in 2014 with the help of 300 participants. To-date, 1,890 turtles have been released and 3,000 people have participated in this programme since 1994. In terms of donation, more than US\$ 30,000 (over Baht 1 million) has been raised. Funds have been used to supply food for turtle nurseries, purchase 4 satellite tracking devices for juvenile turtles, and renovate disabled turtle shelter roof structure and nursery pound.

EVENTS 2014



National Children's Day Celebration

The Annual National Children's Day Celebration was hosted by Laguna Phuket on 11 January 2014 at Laguna Grove. The event featured stage performances and a mini-concert by famous Thai singer "Katreeya English". This annual celebration aims to strengthen relationships with local communities and cultivate positive family interaction.

Banyan Tree Bangkok Sponsors A Treat for the Mahamek Orphans Home

Ms. Nopparat Aumpa, General Manager of Banyan Tree Bangkok and the management team, visited and hosted dinner for 130 children at the Mahamek Orphans 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.



Fully Booked! Mobile Learning Centre (MLC) Launch Event

The Mobile Learning Centre was launched in April 2014 with the objective to provide a 2-in-1 service as a library and a classroom to increase the rate and quality of literacy among pilot schools in Phuket and neighboring provinces. Our program start-up was funded by Baht 2.2 million fundraised from Laguna Phuket sports events and another Baht 2.2 million matching fund from Banyan Tree Global Foundation. To-date MLC visits schools 4 days per week, benefiting 600 students and 50 teachers in Phuket and Pang-Nga.

EVENTS 2014



9th Laguna Phuket International Marathon

The 9th Laguna Phuket International Marathon in June saw a record field of more than 5,000 runners from over 45 countries - aged from 13 to over 90 years-old - competing a variety of course distances to the inspiring sound of LPIM's "Run Paradise" theme song.

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

Banyan Tree Bangkok, was granted an audience by HRH Princess Maha Chakri Sirindhorn at the Chitralada Palace to present a cheque of Baht 200,000 to support the Chalerm Prakit 48 Pansa School in Lumpoon Province.



Banyan Tree Bangkok 18th Anniversary

Banyan Tree Bangkok celebrated their 18th anniversary with a merit making ceremony. The event was led by Mr. Ho KwonPing, Chairman and Chief Executive Officer of the Company, and attended by hotel executives and associates.

EVENTS 2014



Vegetarian Festival

Phuket Vegetarian Festival is held annually during the 9th lunar month. This year, the festival fell on 24 September to 2 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, dried food items, and white t-shirts, as well as setting up an offering station at Laguna Phuket entrance for the Chergntalay Street Procession. This offering station is to pay respect to “Ma-Song”, devotees through whom the gods enter.

EarthCheck Bronze Status Granted Ceremony

EarthCheck is the environmental certification program that Laguna Phuket is registered as a precincts with the key objective to monitor our environmental practices to achieve sustainability outcomes in our business operations by providing a framework for environmental and social sustainability. Laguna Phuket has received EarthCheck’s Bronze Status in September 2014 and was audited for Silver certification in December 2014. The Silver status is to be announced during the first quarter of 2015.



Red Cross Blood Drives Certificate of Horner Granted Ceremony

Laguna Phuket in cooperate with Phuket Red Cross Chapter held four blood drives in 2014. This year HRH Princess Maha Chakri Sirindhorn, Executive Vice President of the Thai Red Cross Society, graciously presented the Certificate of Honor to Laguna Phuket on 23 September 2014 at the award ceremonies held in Songkhla province. The award is to honor voluntary corporate blood donors for their long term contribution and commitment to Red Cross blood donation. Since 2003, Laguna Phuket has donated 1,376,550 cc. of blood and 3,059 associates have participated in LP “Blood Drives” program.

EVENTS 2014



Banyan Tree Spa receive 10th Grand win as the Best Spa Operator - TTG Awards 2014

Banyan Tree Spa has been voted and won Best Spa Operator for the 10th consecutive year at the 25th Annual Travel Trade Gazette (TTG) Travel Awards 2014. Ms. Kanruethai Roongruang, Executive Director of Spa & Gallery Operations, receiving the award on behalf of the Banyan Tree Spa Group at the awards' Gala Dinner event held in Bangkok.

Banyan Tree celebrated the 20th Anniversary

Banyan Tree celebrated the 20th anniversary of its long-standing services through a charity dinner in quest of helping flood victims in Thailand. All charitable proceeds from the event have gone to the Princess Pa Foundation in conjunction with the Thai Red Cross Society for their flood relief activities.



Loy Krathong Festival

Laguna Phuket co-hosted the 13th Loy Krathong Festival with Chergntalay Municipality on 6 November 2014 at Laguna Glove. The event is 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.

EVENTS 2014



21st Laguna Phuket Triathlon (LPT)

A field of over 1,200 individual pro and age group athletes representing 47 nationalities took part in the 21st “Race Legends” comprising 1.8 km swim, 55 km bike ride and 12 km run on 23 November and launched the week-long Challenge Laguna Phuket Tri-Fest.

2nd Challenge Laguna Phuket (CLP)

Challenge Family global of long distance triathlons made its half-distance at Laguna Phuket on 30 November. Over 550 triathletes representing 40 nationalities joined the race to tackle the 1.9 km swim, 90 km bike ride and 21 km run.



Seedlings – Social Enterprise Restaurant Project Launch

Seedlings is a training and mentoring program focuses on career and personal development with the aim to provide training and job opportunities for disadvantaged and marginalized local youths aged 17 - 25, giving them the necessary life skills to forge successful careers in hospitality. The program is managed by Laguna Resorts & Hotels Public Company Limited, training organized by Banyan Tree and Angsana hotels in collaboration with Prince of Songkla University, Phuket Campus on curriculum development.

EVENTS 2014



16th Vertical Marathon

Banyan Tree Bangkok successfully raised Money for Charity through the 16th 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.

Community Learning Centre (CLC) Launch Event

In December 2014, Laguna Phuket Community Learning Centre (CLC) was opened in recognition of the 10th Tsunami commemoration. The new centre will become a community hub where people can develop their skills and further their knowledge in addition to English courses.



XANA's Sunday Fun Brunch by the Beach Launch

XANA's Sunday Fun Brunch by the beach features an extensive array of exciting live stations, fun beach entertainment, and DJ Wii's chill-out sets, providing the perfect background for an incredible day on Phuket island. Kids love the dedicated family corner with fun activities throughout the day. The brunch was launched in December. Every Sunday from 11:30 am. to 3:30 pm.

BOARD OF DIRECTORS

AS AT 31 DECEMBER 2014

Mr. Ho KwonPing⁽¹⁾ Chairman of the Board

(Age 62 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 :

In Listed Companies

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
- Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member, Diageo plc

In Non-Listed Companies

Present

- Chairman of the Board / Director, Certain related companies of Banyan Tree Holdings Limited
- Chairman of the Board of Trustees, Singapore Management University
- Chairman of the Board / Director, Tropical Resorts Limited
- Chairman of the Board / Director, Tropical Resorts Management Co., Ltd.
- Chairman, School of Hotel and Tourism Management of the Hong Kong Polytechnic University - School Advisory Committee
- 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 Joint Stock Company (Formerly known as Tay Ninh Tapioca Company Limited)

1988-2011

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

Mr. Surapon Supratya⁽¹⁾ Deputy Chairman of the Board

(Age 62 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 :

In Listed Companies

Present

- Deputy Chairman of the Board, Laguna Resorts & Hotels Public Company Limited
- Director, Thai Wah Food Products Public Company Limited

2007-2012

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

1996-2012

- Director, Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, Asia Tapioca Products Company Limited
- Director, Vietnam Tapioca Company Limited
- Director, Tay Ninh Tapioca Joint Stock Company (Formerly known as Tay Ninh Tapioca Company Limited)

2008-2012

- Director, Tapioca Development Corporation Limited

1996-2012

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

BOARD OF DIRECTORS

AS AT 31 DECEMBER 2014

Mr. Vudhiphol Suriyabhivadh Independent Director

(Age 70 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 :

In Listed Companies

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, Audit Committee Member and Nomination and Remuneration Committee Member, L.P.N. Development Public Company Limited

In Non-Listed Companies

Present

- Independent Director and Audit Committee Chairman, Bangkok Ranch Public Company Limited

Dr. Jingjai Hanchanlash Independent Director

(Age 72 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 :

In Listed Companies

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
- Director, Asian Phytoceuticals Public Company Limited
- Advisor, Loxley Public Company Limited

In Non-Listed Companies

Present

- Honorary Chairman, Greater Mekong Sub-Region Business Forum
- Chairman of the Executive Board, Rutnin Eye Hospital
- Director, SPIE Oil & Gas Services (Thailand) Limited
- Director, Soci t  Commercial Lao Company Limited, Lao People's Democratic Republic
- Member of Executive Board, Thai Chamber of Commerce
- Expert Committee, The Education Council
- Secretary General, Development Cooperation Foundation

BOARD OF DIRECTORS

AS AT 31 DECEMBER 2014

Mr. Udom Vichayabhai Independent Director

(Age 79 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 :

In Listed Companies

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

1993-2014

- Independent Director, Audit Committee Chairman and Nomination Committee Member, Thai Reinsurance Public Company Limited

In Non-Listed Companies

Present

- Chairman of the Board, Phuket Fantasea Public Company Limited
- Independent Director, Amcor Flexibles Bangkok Public Company Limited

Mr. Ho KwonCjan⁽¹⁾ Director

(Age 58 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 :

In Listed Companies

Present

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

2005-2011

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

In Non-Listed Companies

Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited⁽²⁾
- 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

BOARD OF DIRECTORS

AS AT 31 DECEMBER 2014

Mr. Ariel P. Vera Non-Executive Director

(Age 62 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 :

In Listed Companies

Present

- Non-Executive Director,
Laguna Resorts & Hotels Public Company
- 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

1997-2013

- Director,
Laguna Resorts & Hotels Public Company Limited

In Non-Listed Companies

Present

- Director, ICD (HK) Limited

1994-2014

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

1995-2014

- Chairman of the Board / Director,
Certain related companies of Banyan Tree Holdings Limited

Mr. Eddy See Hock Lye⁽¹⁾ Director

(Age 50 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 :

In Listed Companies

Present

- Director,
Laguna Resorts & Hotels Public Company Limited
- Chief Financial Officer,
Banyan Tree Holdings Limited

In Non-Listed Companies

Present

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited⁽²⁾
- Director, Certain related companies of
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, Donvale Limited
- Director, Debenham Limited
- Director, Hotel Management Ltd

BOARD OF DIRECTORS

AS AT 31 DECEMBER 2014

Mr. Ho Ren Hua⁽¹⁾
Director
(Age 32 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 :

In Listed Companies

Present

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

In Non-Listed Companies

Present

- 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 52 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 :

In Listed Companies

Present

- Director and Managing Director, Laguna Resorts & Hotels Public Company Limited
- Managing Director (Spa Operations), Banyan Tree Holdings Limited

In Non-Listed Companies

Present

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

BOARD OF DIRECTORS

AS AT 31 DECEMBER 2014

Mr. Stuart David Reading⁽¹⁾ Director

(Age 47 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 :

In Listed Companies

Present

- Director,
Laguna Resorts & Hotels Public Company Limited

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

In Non-Listed Companies

Present

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited⁽²⁾
- Vice President - Property Development
Laguna Banyan Tree 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 2014"

MANAGEMENT OF THE COMPANY

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

| Name | Position | Profile |
|---|---|--|
| Management* | | Profile as shown in the section of Board of Directors as at 31 December 2014 |
| Mr. Ho KwonPing | Chief Executive Officer | |
| Mr. Shankar Chandran | Managing Director | |
| Mr. Kuan Chiet | Senior Assistant Vice President - Finance & Administration | |
| Mr. Niyom Tassaneetipagorn ⁽¹⁾ | Senior Assistant Vice President - Corporate Affairs and Community Relations | |
| Mr. Yew How David Seet | Senior Assistant Vice President - Resort Operations | Profile as shown in the following pages |
| Head of Group Internal Audit | | |
| Mr. Ho Ming Wai ⁽²⁾ | Assistant Vice President - Group Internal Audit | |
| Company Secretary | | |
| Ms. Nanchalee Kecharananta | Company Secretary and Assistant Vice President - Corporate Affairs | |

Remark

- No directors or management of the Company have any record of committing any illegal action
 - 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 considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
 - Effective from 1 February 2014 Mr. Niphon Kitisook, Senior Assistant Vice President - Resort and Property Development, who was appointed as management of subsidiary of the Company, is no longer considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
 - Ms. Ho Soo Hooi Cindy, Senior Assistant Vice President – Group Internal Audit, resigned from the Company effective from 1 March 2014.
 - * Effective 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.
- ⁽¹⁾ Mr. Niyom Tassaneetipagorn, Senior Assistant Vice President - Corporate Affairs and Community Relations, resigned from the Company effective from 1 February 2015 and from the directorship in subsidiaries of the Company effective from 22 December 2014.
- ⁽²⁾ Mr. Ho Ming Wai was appointed as Head of Group Internal Audit in accordance with the resolution of the Audit and Risk Committee's Meeting on 6 August 2014

MANAGEMENT OF THE COMPANY

Mr. Kuan Chiet Senior Assistant Vice President – Finance & Administration

(Age 48 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 :

In Listed Companies

Present

- Senior Assistant Vice President –
Finance & Administration,
Laguna Resorts & Hotels Public Company Limited
- Director,
Thai Wah Food Products 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

In Non-Listed Companies

Present

- Director, Certain related companies of
Laguna Resorts & Hotels Public Company Limited⁽¹⁾
- Director, Tapioca Development Corporation Limited

Mr. Niyom Tassaneetipagorn⁽²⁾ Senior Assistant Vice President – Corporate Affairs and Community Relations

(Age 56 Years)

Highest Educational Background and Director Certificate Program

- Institute Communal d' Enseignement
Technique d' Hotellerie, Liege, Belgium
Major: Hotel Management
- Director Accreditation Program (2003) and
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 :

In Listed Companies

Present

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

In Non-Listed Companies

Present

- Committee, Phuket Community Foundation
- Educational Committee, Cherrngtalay Wittayakom School
- Honorary Advisor to the Standing Committee of
the Tourism of the Senate,
The Senate

2000–2014

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

MANAGEMENT OF THE COMPANY

Mr. Yew How David Seet Senior Assistant Vice President - Resort Operations

(Age 60 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 :

In Listed Companies

Present

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

In Non-Listed Companies

Present

- Director,
Banyan Tree Resorts & Spas (Thailand) 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

Mr. Ho Ming Wai⁽³⁾ Assistant Vice President - Group Internal Audit

(Age 37 Years)

Highest Educational Background and Director Certificate Program

- Bachelor of Accountancy (Hons)
Nanyang Technological University, 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 :

In Listed Companies

Present

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

2012-2014

- Senior Manager of Internal Audit,
Keppel Land Limited

In Non-Listed Companies

2009-2012

- Director of Internal Audit,
Pan Pacific Hotels Group

2007-2009

- Risk Advisory Manager,
KPMG Singapore

MANAGEMENT OF THE COMPANY

Ms. Nanchalee Kecharananta Company Secretary and Assistant Vice President - Corporate Affairs

(Age 48 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 :

In Listed Companies

Present

- Company Secretary and 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

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.
- 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 considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
- Effective from 1 February 2014 Mr. Niphon Kitisook, Senior Assistant Vice President - Resort and Property Development, who was appointed as management of subsidiary of the Company, is no longer considered management of the Company in accordance with the definition of the Securities and Exchange Commission.
- Ms. Ho Soo Hooi Cindy, Senior Assistant Vice President - Group Internal Audit, resigned from the Company effective from 1 March 2014.
- * Effective 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.

⁽¹⁾ Details as shown in the section of "Information on the Directors of Subsidiaries as at 31 December 2014"

⁽²⁾ Mr. Niyom Tassaneetipagorn, Senior Assistant Vice President - Corporate Affairs and Community Relations, resigned from the Company effective from 1 February 2015 and from the directorship in subsidiaries of the Company effective from 22 December 2014.

⁽³⁾ Mr. Ho Ming Wai was appointed as Head of Group Internal Audit in accordance with the resolution of the Audit and Risk Committee's Meeting on 6 August 2014

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Detail of Positions of Directors and Management as at 31 December 2014

| 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, M | - | / | / | / | / | / | / | / | - | / | / | / | - | / |
| Mr. Stuart David Reading | / | PD | / | / | / | / | / | / | / | / | / | - | / | - | / |
| Mr. Kuan Chiet | M | - | / | / | / | / | / | / | / | - | / | / | / | - | / |
| Mr. Niyom Tassaneetipagorn ⁽¹⁾ | M | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mr. Yew How David Seet | M | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Remark

BoDC = Board of Directors Chairman

CEO = Chief Executive Officer

DC = Deputy Chairman of the Board

ID = Independent Director

MD = Managing Director

PD = President Director

PC = President Commissioner

/ = Director

- = None

M = Management according to 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 considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

- Effective from 1 February 2014 Mr. Niphon Kitsook, Senior Assistant Vice President – Resort and Property Development, who was appointed as management of subsidiary of the Company, is no longer considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

- Ms. Ho Soo Hooi Cindy, Senior Assistant Vice President – Group Internal Audit, resigned from the Company effective from 1 March 2014.

(1) Mr. Niyom Tassaneetipagorn, Senior Assistant Vice President – Corporate Affairs and Community Relations, resigned from the Company effective from 1 February 2015 and from the directorship in subsidiaries of the Company effective from 22 December 2014.

Full Company name as 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 | / | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | / | - | - | / | - | / | / | / | - | / | / | / | / | / | / | - | / | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | / |
| - | - | / | - | / | / | / | / | / | / | - | / | / | / | / | / | / | / | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | BoDC | - | / | - | - |
| - | - | / | - | / | / | / | / | / | / | - | / | / | / | / | / | - | - | - | - | - |
| - | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | - | - | - | - | - |
| - | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

Information on the Directors of Subsidiaries as at 31 December 2014

| Name List | | Subsidiaries | | | | | | | | | | | |
|----------------|--------------------|--------------|-----|-----|-----|-----|-----|-----|--------|--------|-----|----|------|
| | | AVCI | BGL | BT1 | BT2 | BT3 | BT4 | BTD | BTG(S) | BTG(T) | CGL | L3 | LBTG |
| Mr. Ho | KwonCjan | - | / | / | / | / | / | / | - | / | - | / | - |
| Mr. Kuan | Chiet | - | / | / | / | / | / | / | - | / | / | / | - |
| Mr. Stuart | David Reading | PD | / | / | / | / | / | / | / | / | - | / | - |
| Ms. Areewan | Sriwichupong | / | / | / | / | / | / | / | - | / | / | / | - |
| Mr. Shankar | Chandran | - | / | / | / | / | / | / | - | / | / | / | - |
| Ms. Claire | Chiang See Ngoh | - | - | - | - | - | - | - | / | / | - | - | - |
| Mr. Phitak | Boonpojanasoonporn | - | - | - | - | - | - | - | - | - | - | - | - |
| 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. Pилanthana | Charinkan | - | - | - | - | - | - | - | - | / | - | - | - |
| Ms. Udomsri | Pichienrangsan | - | - | - | - | - | - | - | - | - | - | - | - |

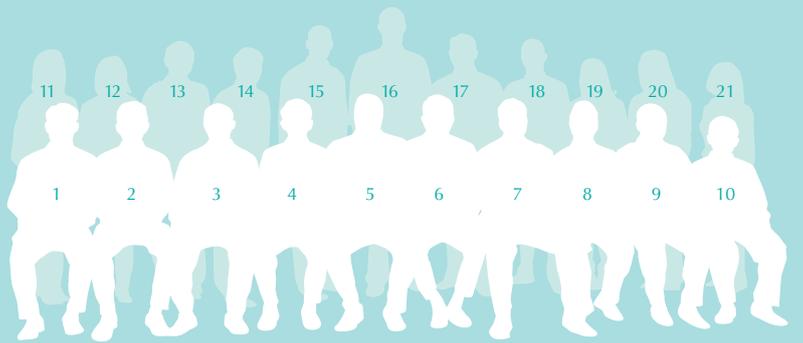
Remark

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 |
|------|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|------|------|------|------|-----|------|
| / | - | - | / | - | - | / | - | / | / | / | - | / | / | / | / | / |
| / | - | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / |
| / | - | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / |
| / | - | / | / | - | - | / | / | / | / | / | - | / | / | / | / | / |
| / | - | - | / | - | / | / | / | / | / | / | - | / | / | / | / | / |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | / | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| / | - | - | / | - | / | / | / | / | / | / | - | / | / | / | / | / |
| / | - | / | / | / | / | / | / | / | / | / | - | / | / | / | / | / |
| - | - | - | - | / | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | / | - | - | - | - | - | - | - | - | - | - | - | - |
| - | / | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | / | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | / | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - | - | / | - | - | - | - | - | - | - | - | - | - | - | - | - | - |



LAGUNA PHUKET MANAGEMENT TEAM

1. **Teerawut Totarat**, Director of Operations,
Laguna Excursions Limited
2. **David Seet Yew How**, Senior Assistant Vice President - Resort Operations,
Laguna Resorts & Hotels Public Company Limited
3. **Loh Hai Thong**, Senior Assistant Vice President - Services,
Laguna Service Company Limited
4. **Kuan Chiet**, Senior Assistant Vice President - Finance and Administration,
Laguna Resorts & Hotels Public Company Limited
5. **Stuart David Reading**, Vice President - Property Development,
Laguna Banyan Tree Company Limited
6. **Shankar Chandran**, Senior Vice President / Managing Director - Laguna Phuket,
Laguna Resorts & Hotels Public Company Limited
7. **Gerardus J.L.M. Van Paassen**, Senior Assistant Vice President,
Laguna Holiday Club Company Limited
8. **Roy Lau**, Assistant Vice President - Property Sales,
Laguna Banyan Tree Limited
9. **Passapong Nantarak**, Assistant Vice President - Legal,
Laguna Resorts & Hotels Public Company Limited
10. **Sarawut Chantarasuwan**, Project Director,
Phuket Resort Development Limited
11. **Udomsri Pichienrangsarn**, Assistant Vice President - Group Human Resources,
Laguna Resorts & Hotels Public Company Limited
12. **Porntip Kankheaw**, Director of Corporate Information Technology,
Laguna Resorts & Hotels Public Company Limited
13. **Bubpha Prateep Na Talang**, Senior Manager - Rental Pool Owner Services,
Laguna Banyan Tree Limited
14. **Itthipat Chirasathit**, Hotel Manager,
Laguna Holiday Club Resort
15. **Sriram Kailasam**, Area General Manager - Phuket,
Banyan Tree Phuket
16. **Paul Wilson**, Director of Golf,
Laguna Grande Limited
17. **Marc Landgraf**, General Manager,
Outrigger Laguna Phuket Resort and Villas
18. **Emilio Llamas Carreras**, Vice President / Director - Special Projects,
Banyan Tree Hotels & Resorts (Thailand) Limited
19. **Prapa Hemmin**, Director of Sales - MICE & Corporate,
Laguna Resorts & Hotels Public Company Limited
20. **Passaraporn Kaotan**, Director of Operations - Canal Village and Estate Services,
Laguna Grande Limited
21. **Prae Sunantaraks**, Director of Community Relations,
Laguna Resorts & Hotels Public Company Limited



Laguna Phuket
Golf Club



CORPORATE AND MANAGEMENT STRUCTURE

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 (No longer branch of the Company since 12 September 2014)

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

Homepages

www.lagunaresorts.com (Corporate Website) | 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

No. 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 of the Company

The Company's dividend policy seeks to maximize shareholder value and encourage shareholder loyalty with predictable annual growth in dividend payout which is not impacted by profit volatility. With that objective, the Company's Dividend Policy is based on the principles of stability, predictability and managed growth, outlined as follows:

- **Stability** Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders are not negatively affected by annual profit volatility.
- **Predictability** Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.
- **Managed growth** The Company will strive to increase and smooth out the dividends year-on-year within a broad band but the specific rate will be dependent on the Company's actual profit performance, cash and cash flow projections.

The Dividend Policy of Subsidiaries

In respect of dividend payment policy by the subsidiaries, such subsidiaries will pay dividends from their net profits. There is no specific dividend policy and dividend payment is subject to many factors such as their financial condition and results of operations, liquidity, business expansion and factors related to the operation of their business.

Total Employees

71 employees (Only employees employed by Laguna Resorts & Hotels Public Company Limited as of 31 December 2014)

CORPORATE AND MANAGEMENT STRUCTURE

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 |
| BTG(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 | --- | --- | 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 |

CORPORATE AND MANAGEMENT STRUCTURE

Companies in which the Company's Shareholding Exceeds 10 percent (con't)

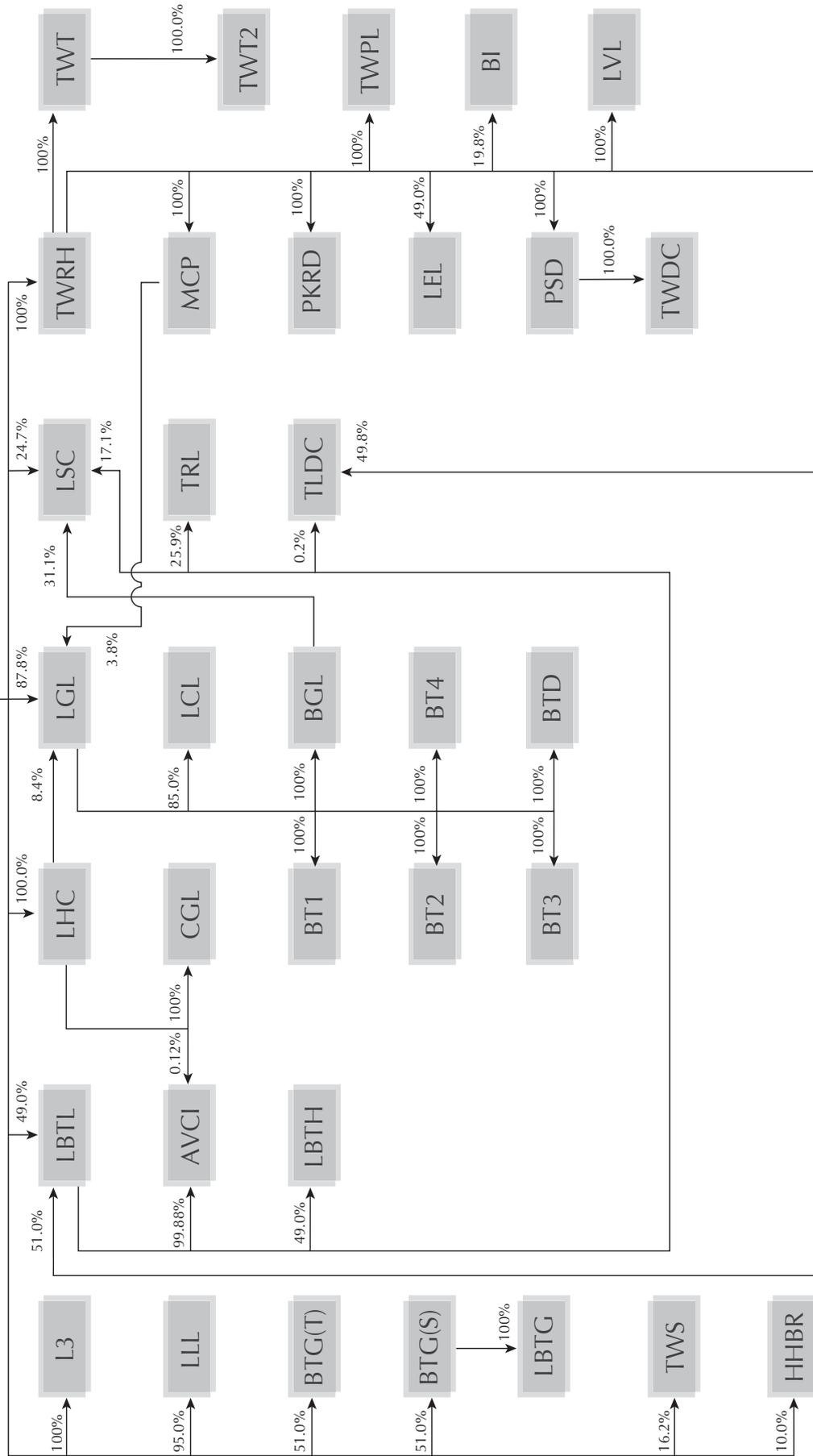
| Company (Abbreviations) | Type of Business | Head Office | Registered Capital (Baht) | Par Value (Baht/Share) | Paid-Up Capital (Baht) | Shareholding Proportion (Direct+Indirect*) (%) | Telephone | Facsimile |
|-------------------------|---|-------------|---------------------------|------------------------|------------------------|--|---------------------|--------------------|
| 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 | 100,000,000 | 100.00 | 100,000,000 | 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 | *** | *** | 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.
- *** With effect from 3 March 2014, the concepts of authorized / registered capital and par value have been abolished by law in respect of all Hong Kong companies.
- Full Company name as shown in the section of "Abbreviations"

CORPORATE AND MANAGEMENT STRUCTURE

Laguna Resorts & Hotels Public Company Limited



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

CORPORATE AND MANAGEMENT STRUCTURE

Major Shareholders as at 30 December 2014[#]

| No. | Shareholders | No. of Shares Held | Total Shareholdings | % |
|-----|---|---------------------------------------|---------------------|--------------|
| 1 | Banyan Tree Holdings Limited Group of Companies (1) Banyan Tree Holdings Limited (2) Banyan Tree Resorts & Spas (Thailand) Company Limited* (3) Maybank Kim Eng Securities Pte Ltd** | 74,632,342 15,737,807 1,052,762 | 91,422,911 | 54.8 |
| 2 | Thai Trust Fund Management Company Limited*** | | 23,469,665 | 14.1 |
| 3 | Thai NVDR Company Limited | | 19,958,196 | 12.0 |
| 4 | Mr. Suvit Laohapholwattana | | 3,556,200 | 2.1 |
| 5 | Thai Wah Starch Public Company Limited | | 3,480,200 | 2.1 |
| 6 | Goldman Sachs International | | 3,000,500 | 1.8 |
| 7 | Mr. Wachira Thayanaraporn | | 1,322,500 | 0.8 |
| 8 | Dusit Thani Public Company Limited | | 1,250,000 | 0.7 |
| 9 | The Viriyah Insurance Public Company Limited | | 1,103,725 | 0.7 |
| 10 | State Street Bank Europe Limited | | 1,073,802 | 0.6 |
| | Other Minority Shareholders | | 17,045,002 | 10.3 |
| | Total | | 166,682,701 | 100.0 |

Remarks:

= As at the last share register book closing date. Updated shareholder information prior to the 2015 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.

CORPORATE AND MANAGEMENT STRUCTURE

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, 4 of whom are Independent Directors representing one-third of total Board members as follows:

| Name | Position | Number of Meeting Attendance during 2014 / 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 * Audit and Risk Committee Chairman Nomination and Remuneration Committee Member | 4/4 |
| Dr. Jingjai Hanchanlash | Independent Director * Nomination and Remuneration Committee Chairman Audit and Risk Committee Member | 4/4 |
| Mr. Udom Vichayabhai | Independent Director * Audit and Risk Committee Member Nomination and Remuneration Committee Member | 4/4 |
| Ms. Srinthorn Ounayakovit ¹ | Independent Director * | - |
| Mr. Ho KwonCjan | Director | 4/4 |
| Mr. Ariel Vera | Non-Executive Director | 4/4 |
| Mr. Eddy See Hock Lye | Director | 3/4 |
| 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 Ms. Srinthorn Ounayakovit was appointed as new Independent Director, replacing Dr. Satit Rungkasiri who resigned since 10 July 2013, in accordance with the resolution of the Board of Directors' Meeting on 24 February 2015. Ms. Srinthorn Ounayakovit will retain office for only the remaining term of Dr. Satit Rungkasiri which ends at 2015 AGM.

CORPORATE AND MANAGEMENT STRUCTURE

Authorized Signatory

The Company's authorized signatories are "Two directors from the following seven directors namely Mr. Ho KwonPing, Mr. Surapon Supratya, Mr. Ho KwonCjan, 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 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 gave him ample experience in reviewing the creditability of the financial reports.

CORPORATE AND MANAGEMENT STRUCTURE

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;

CORPORATE AND MANAGEMENT STRUCTURE

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 |

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;

CORPORATE AND MANAGEMENT STRUCTURE

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. Kuan | Chiet | Senior Assistant Vice President, Finance & Administration |
| Mr. Niyom | Tassaneetipagorn** | Senior Assistant Vice President, Corporate Affairs and Community Relations |
| Mr. Yew | How David Seet | Senior Assistant Vice President, Resort Operations |

- 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 considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

- Effective from 1 February 2014 Mr. Niphon Kitsook, Senior Assistant Vice President – Resort and Property Development, who was appointed as management of subsidiary of the Company, is no longer considered management of the Company in accordance with the definition of the Securities and Exchange Commission.

- Ms. Ho Soo Hooi Cindy, Senior Assistant Vice President - Group Internal Audit, resigned from the Company effective from 1 March 2014.

* 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

** Mr. Niyom Tassaneetipagorn, Senior Assistant Vice President - Corporate Affairs and Community Relations, resigned from the Company effective from 1 February 2015.

CORPORATE AND MANAGEMENT STRUCTURE

Head of Group Internal Audit

Mr. Ho Ming Wai, Assistant Vice President of the Company, replaced Ms. Ho Soo Hooi Cindy as Head of Group Internal Audit in accordance with the resolution of the Audit and Risk Committee's meeting on 6 August 2014.

Mr. Ho Ming Wai graduated from Nanyang Technological University of Singapore with a second class upper degree in Accountancy and a minor in Business Law. He has 13 years of Internal Audit and Finance experiences of which 5 years were in the hospitality and property development industries. The Company views that based on his experiences and knowledge, he meets the qualifications to head 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.

CORPORATE AND MANAGEMENT STRUCTURE

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 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.

RENUMERATION

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 twice in 2014 to review the NRC Charter and Nomination and Remuneration Policy and to consider and make recommendations to the Board regarding the re-nomination of those retiring directors by rotation and the remuneration for the directors and sub-committee members. Additionally, the NRC reviewed the expenses claims by the Chairman of the Company and approved the amount of annual bonus and salary increment policy for the Company's employees.



Dr. Jingjai Hanchanlash
Nomination and Remuneration Committee Chairman
13 January 2015

REMUNERATION

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 also receive compensation in kind in terms of goods and services provided at hotels operated by the Group.

Details of the remuneration paid to directors of the Board and management in 2014 are disclosed in the Company's 2014 annual report and Form 56-1 under the section "Directors' and Management's Remuneration".

REMUNERATION

Remuneration and Other Benefits of the Directors during the Year 2014

| 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 | 988,000 / - | - / - | - / - |
| Mr. Surapon Supratya | Deputy Chairman of the Board | 820,000 / - | - / - | - / - |
| Mr. Vudhiphol Suriyabhivadh | Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member | 660,000 / 60,000 ¹ | 328,000 / - | 84,000 / - |
| Dr. Jingjai Hanchanlash | Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman | 660,000 / 60,000 ¹ | 168,000 / - | 164,000 / - |
| Mr. Udom Vichayabhai | Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member | 660,000 / 60,000 ¹ | 168,000 / - | 84,000 / - |
| Ms. Srinthorn Ounayakovit ² | Independent Director | - / - | - / - | - / - |
| Mr. Ho KwonCjan | Director | 432,000 / - | - / - | - / - |
| Mr. Ariel P. Vera | Non-Executive Director ³ | 660,000 / - | - / - | - / - |
| Mr. Eddy See Hock Lye | Director | 432,000 / - | - / - | - / - |
| Mr. Ho Ren Hua | Director | 432,000 / - | - / - | - / - |
| Mr. Shankar Chandran | Director and Managing Director | 432,000 / - | - / - | - / - |
| Mr. Stuart David Reading | Director | 432,000 / - | - / - | - / - |

Remarks:

¹ Spa and Gallery Voucher amounting to USD 2,000 (approximately Baht 60,000)

² Ms. Srinthorn Ounayakovit was appointed as new Independent Director, replacing Dr. Satit Rungkasiri who resigned since 10 July 2013, in accordance with the resolution of the Board of Directors' Meeting on 24 February 2015. Ms. Srinthorn Ounayakovit will retain office for only the remaining term of Dr. Satit Rungkasiri which ends at 2015 AGM

³ Effective from 1 January 2014 Mr. Ariel P. Vera has become Non-Executive Director and do not receive spa and gallery vouchers.

REMUNERATION

Directors and Management's Remuneration

Monetary Remuneration

(a) Directors

The 2014 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 2014 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 | 247,000 | - |
| Deputy Chairman of the Board | 205,000 | - |
| Independent Director | 165,000 | USD2,000 (Approximately Baht 60,000) |
| Non-Executive Director | 165,000 | USD2,000 (Approximately Baht 60,000) |
| Executive Director | 108,000 | - |

Audit and Risk Committee and Nomination and Remuneration Committee

| Position | Remuneration / Meeting / Person (Baht) |
|----------|--|
| Chairman | 82,000 |
| Member | 42,000 |

Monetary remuneration for the Directors and Sub-Committee Members in 2014 was in the total amount of Baht 7,784,000. Directors of LRH are not paid director fees by any of LRH's subsidiary companies.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2014".

(b) Management

Monetary remuneration for the top 8 management in 2014 amounted to Baht 34,745,029 consisting of salaries, bonus, car allowance, housing allowance, social security payment, provident fund payment, tax paid by the Company, 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 2014 were in the total amount of Baht 180,000.

Details as shown in the section "Remuneration and Other Benefits of the Directors during the Year 2014".

(b) Management

Employee benefits such as personal accident and health insurance and complimentary vouchers, etc., for the top 8 management in 2014 were in the total amount of Baht 1,419,741.

CORPORATE GOVERNANCE

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 principles 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 22 April 2014 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.

Furthermore, 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.

- 1.3 The Company has a policy to facilitate and encourage all groups of shareholders including institutional shareholders to attend the Company's Annual General Meeting such as giving an opportunity to every shareholder to propose agenda or send questions related to the Company's business in advance, distributing a package containing the notice and meeting documents in English to foreign shareholders, selecting meeting venue that is convenient for attendance, etc.
- 1.4 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.
- 1.5 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.
- 1.6 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 21 days prior to the

CORPORATE GOVERNANCE

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 30 days prior to the meeting. Moreover, shareholders are always invited to register at least 1 hour before the meeting begins.

For convenience, transparency and accuracy of the registration and vote counting at the shareholders' meeting, a barcode system has been utilized.

- 1.7 At every shareholders' meeting, all agenda items are clearly identified and particularized, objectives, and rationale and opinions of the Board are also presented in the meeting for consideration of the shareholders. The Chairman will conduct the meeting according to the sequence of the agenda and will not add any additional agenda items which are not indicated in advance in the notice unless there is a proposal to consider other matters other than those specified in the notice, in accordance with the law, from shareholders holding not less than one-third of the total number of shares issued.

No additional agenda item proposed to the 2014 Annual General Meeting other than those specified in the notice.

- 1.8 Before the start of every shareholders' meeting, the Company Secretary will explain the voting methodology to shareholders. In the interest of good corporate governance in regard to transparency, minority shareholders are also invited to witness vote counting of each agenda item. A team of legal counsels from a leading 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 2014 Annual General Meeting is posted on the Company's website (www.lagunaresorts.com) within 14 days after the meeting was held.
- 1.9 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.

CORPORATE GOVERNANCE

- 1.10 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 and 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 a 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 2014 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 2014 Annual General Meeting.
- 1.11 The Company gives an opportunity for shareholders to freely communicate with each other without creating any barriers and also provides convenient access to relevant news and information via the Company's website (www.lagunaresorts.com) for shareholders to receive adequate important 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.
- 1.12 The Company received a score of 96 points out of 100 points for the 2014 AGM assessment conducted by the Thai Investors Association. The Company will continue to strive to improve its good corporate governance practices.

2. Equal Treatment of Shareholders

The Company treats all shareholders fairly despite different shareholding proportions and voting power due to their shares. In recognition of its duty to ensure equal treatment of shareholders, the Company complied with all relevant laws and regulations as follows:

- 2.1 The Company has only one class of shares, the ordinary shares. Shareholders shall have votes equal to the number of shares held by each of them, which means one share is entitled to one vote.
- 2.2 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 a 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.
- 2.3 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.

CORPORATE GOVERNANCE

- 2.4 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 the details and reasonableness of transaction to shareholders prior to dealing with any transaction in case such transaction requires the approval from shareholders and strictly follows the procedures on such transaction in accordance with the notification of the Capital Market Supervisory Board. The details of all connected transactions are disclosed 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.

During 2014, there is no report of non-compliance with the notification of the Capital Market Supervisory Board on connected transactions.

- 2.5 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 2014.
- 2.6 Apart from the credit term payment given under the normal course of business, the Company has no policy on providing financial assistance to any non-subsidiary companies except those whose loans or guarantees are in accordance with the proportion of shareholding in a joint venture agreement. In the prior year, the Company did not provide the financial assistance to any non-subsidiary companies.

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

CORPORATE GOVERNANCE

training related to their line of responsibility to enhance their knowledge and skills but also selects talented employees to join Human Resource Development programs annually such as the Talent Development Program in order to develop their capabilities and raise their self-potential through training to improve their skills in many areas and to groom them for performing in key and challenging positions in the future, and the Management Development Program in order to develop employees in accordance with the succession plan. The Company's operations are not in violation of any principles of human rights.

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 corruption and 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. In property development, the Environmental Impact Assessment (EIA) has been carried out to evaluate the likely environmental impacts of the Company's development projects, taking into account inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse including proposed measures for shaping projects to suit the local environment and reducing any potential impact. 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).

CORPORATE GOVERNANCE

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, the Company has a policy in selecting its suppliers fairly and transparently, competitive quotations from at least 3 suppliers are required according to the 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 2014, no creditors challenged that the Company had failed to comply with any obligations.

There is no violation of laws and regulations regarding to labour, employment, consumer protection, commercial competition and environmental found in the previous year.

Policy and Practice Relating to the Control and Prevention of Corruption Involvement

The Company has established Code of Corporate Conduct and Standard Operating Procedure for directors, management, employees and associated parties to strictly follow in order to prevent corruption, fraud including commercial bribery and to ensure all decisions and business operations that may be at risk of fraud and corruption are attentively considered and practiced.

The Company has put in place a risk management system suitable to the Company's business nature and implemented risk assessment procedure, which included internal compliance and control program to monitor and prevent possible risks including corrupt practices. As part of the on-going risk management process, the Company's Group Risk Committee in collaboration with Group Internal Audit regularly conduct a risk monitoring, assessment, evaluation and propose a control program to prevent and mitigate possible risk and report findings to the Audit and Risk Committee. The Audit and Risk Committee is responsible for overseeing and reviewing strategic and operational risk management including risk assessment and control procedures as well as seeking to ensure that the Company has a continuous process for managing risk, appropriate and effective internal control and internal audit systems.

Failure to comply with the Code of Corporate Conduct may result in strict disciplinary action including termination of employment and referral to relevant external regulatory authorities in accordance with any applicable laws and regulations.

Seeing the long-term benefits to operate business ethically with integrity, and to implement business principles to encounter corruption, the Company has declared an intent to fight corruption by declaration of intent with Thailand Private Sector Collective Action Coalition Against Corruption.

There is no report of wrongful conduct involving fraud and corruption during the past year.

CORPORATE GOVERNANCE

Policy on Whistle Blowing and Complaints

The Company recognizes the importance of compliance with good corporate governance and adheres to the high standards of conduct and responsibility for all stakeholders. The Whistle Blowing Policy has been established and approved by the Board of Directors and communicated throughout the organization. The policy emphasizes to encourage and enable associates and third parties to raise any serious concerns on wrongdoing, irregularity or impropriety within the Group. The Head of Group Internal Audit was appointed as the Receiving Officer or a channel for stakeholders to communicate critical corporate issues with the Company, any concerns can be raised either in writing via “*ethics@lrh.co.th*” or directly by hotline number 66 (0) 2285 0112. The Receiving Officer will ensure that the report from the 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 protection of the genuine whistle blowers from any unfair treatment will be observed. If, at the conclusion of an investigation, the Company determines that a violation has occurred or the allegations are substantiated, effective remedial action commensurate with the severity of the offence will be taken. Results and conclusions of the investigation shall be reported to the Board of Directors. There have been no complaints or allegations during the past year.

Policy on Environmental and Social Sustainability

The Company is committed to strive towards achieving environmental and social sustainability. With the participation in EarthCheck program, which is widely regarded as the world’s leading sustainable environmental benchmarking and certification program used by the travel and tourism industry, the Company is committed to continually improve its environmental and social sustainability performance by implementing an environmental management system, identifying environmental risks, recording and monitoring any impact to meet the standard of EarthCheck and will comply with all relevant legislation and regulations, and strive to achieve international best practice.

The Company has constantly provided an environmental training session for employees to raise awareness about environmental sustainability. A risk assessment on potential environmental impacts resulting from the Company’s business operation have been conducted and an environmental approach have been established and communicated throughout the organization by posting on intranet and bulletin board so that all employees understand the policy and contribute to environmental sustainability.

Policy on Preventing Violation of Intellectual Property or Copyright

The Company has established a policy and practice not to support any violation of intellectual property or copyright, which has been stipulated in the Code of Corporate Conduct such as using a licensed computer program or program authorized by the copyright owner and restricting computer program installation by authorized person only. The use of computers and information technology will be monitored periodically by the Group Internal Auditor. There is no violation of intellectual property or copyright found in the past year.

CORPORATE GOVERNANCE

Policy on Respecting Human Rights

The Company gives importance to respecting human rights by conducting business in compliance with laws and human rights which are the basic rights ensuring that all human beings are born free and equal in dignity and rights without discrimination against race, nationality, color, gender, religion, age, language, personal status, social value, education or political opinion.

The Company provides equal opportunity to all employees in working under the rules, regulations, notifications and orders of the Company. The Company treats the employees' personal information confidential and shall neither send or distribute such information to irrelevant person nor disclose personal information without the consent of the owner. The Company also supports and respects the protection of human rights e.g. by not conducting or concerning in any violation of human rights such as forced labor, unfair dismissal and the use of child labor. No complaints on the unfair treatment to employees in the past year.

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 approved by the Securities and Exchange Commission (currently EY 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 2014, 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.

CORPORATE GOVERNANCE

- 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 2014 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 2014, 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.

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 Ms. Srinthorn Ounayakovit (who was appointed to be new Independent Director replacing the vacant position arising from the resignation of Dr. Satit Rungkasiri in accordance with the resolution of Board of Directors’ Meeting on 24 February 2015), representing one-third of the total Board members.

The Board member are selected on the basis of, among other things, knowledge, experience, skill, diversity of expertise, integrity, abilities to make independent analytical inquiries, and their understanding of the Company’s business. Currently the Board comprises business leaders and professionals with financial, accounting, legal and business management backgrounds.

Directors and senior management of the Company have never been an employee or partner of the current external auditor in the past 2 years.

CORPORATE GOVERNANCE

All independent directors of the Company are independent of management and major/substantial shareholders and meet the Company's definition of Independent Director which also in line with the qualification of Audit Committee in accordance with the notification of the Capital Market Supervisory Board.

The Company's directors are the persons with knowledge, competence, honesty, have ethical business practices and sufficient time to devote themselves to serve the Company. There are no independent directors of the Company who serve on more than five boards of listed companies and no executive directors who serve on more than two boards of listed companies outside of the Group.

The Company's policy to fix the term of office of directors is under Article 14 of the Company's Articles of Association which stipulates 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 which meet the criteria set by the Capital Market Supervisory Board. At present, the said criteria 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

CORPORATE GOVERNANCE

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 and Appointment of Directors

The nomination for the Company directorship including an independent director will be based on the suggestion among directors or searching from professional director pool e.g. the Thai Institute of Directors Association (IOD) where a candidate had undergone the directors certification programs. The nomination is considered from the board diversity, competence, knowledge, working experience, expertise from variety

CORPORATE GOVERNANCE

of professions, necessary skills which are lacking among the existing Board of Directors, to be of any gender and to have the qualifications prescribed by the SET, the SEC, the Capital Market Supervisory Board and the Public Limited Companies Act. The Nomination and Remuneration Committee will consider and recommend qualified candidates to the Board of Directors and/or the Annual General Shareholder Meeting for approval in each case. Details of director appointment are described under the heading “Method of Appointment and Removal of Directors as included in the Company’s Articles of Association”.

5.1.4 Roles of the Chairman of the Board

The key roles of the Chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Company’s operations and/or performances are placed on the meeting agenda, particularly matter related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow board members to express their opinions and ask questions; and to ensure that board resolutions are clear and the minutes are accurate. The Chairman of the Board also presides over the shareholders’ meeting. In making decision, the Chairman has a deciding or casting vote in the event of tie votes.

5.1.5 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

CORPORATE GOVERNANCE

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.

In the past year, there was no director resigned due to the issue of corporate governance of the Company and no conduct causing a negative reputation of the Company due to the failure of the Board of Director’s supervisory performance.

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 2014, 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.

CORPORATE GOVERNANCE

- 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

CORPORATE GOVERNANCE

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. The meeting documents shall be sent out to the directors in advance at least 5 days prior to the meeting date. Additional meetings are convened as and when circumstances warrant. In 2014, the Company conducted 4 Board meetings and the attendance of all directors is shown below.

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

¹ Ms. Srinthorn Ounayakovit was appointed as new Independent Director, replacing Dr. Satit Rungkasiri who resigned since 10 July 2013, in accordance with the resolution of the Board of Directors' Meeting on 24 February 2015. Ms. Srinthorn Ounayakovit will retain office for only the remaining term of Dr. Satit Rungkasiri which ends at 2015 AGM.

CORPORATE GOVERNANCE

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 2014, 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 2014, 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 2014, the Company conducted 2 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 | 2 |
| Mr. Udom | Vichayabhai | 2 |
| Mr. Vudhiphol | Suriyabhivadh | 2 |

5.3.7 The Non-Management Meeting

The Company encourages non-executive directors to hold meetings with the external auditor as necessary without the presence of executive directors and management attendance to review and discuss freely on any business issues that are of interest. In 2014, there was one non-management meeting held in November.

5.3.8 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.

5.3.9 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. In 2014, Mr. Vudhiphol Suriyabhivadh, an Independent Director, attended 2 seminars namely "The challenge of the Audit Committee and the sustainable development of listed companies" held by the SEC and "CG Forum 1/2014 - Effectiveness in boardroom : Route to success & best practices" held by the SET.

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.

5.3.10 Orientation for New Director

The Company recognizes the importance of supporting new directors in performing their duties. The Company has provided the information on its business and other information related to the operations of the Company to new directors such as an annual report and relevant laws and regulations so that they are adequately informed of the rules and regulations and business of the Company prior to performing their duties.

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. Employees are prohibited to trade in the Company's shares 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 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.

RISK FACTORS

Economy and Tourism in Thailand

As most of the Group's revenue is generated from tourism and property sales in Thailand, the Group 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 Group's business, financial condition and performance.

The global financial crisis and the prolonged Thai political turmoil in recent years revealed the Group's vulnerability and confirmed the Group's concerns that it has too much exposure in Phuket and Thailand. The Group 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 adversely impact the tourism sector and investor sentiment.

Over-reliance on some key markets

Like many hotels in Thailand, Russia and China have become the 2 single largest markets for the Group's hotels in recent years. The over reliance on any market carries with it a certain degree of risk as a downturn in that market would adversely impact the performance of the hotel if it fails to replace the business in a timely manner. The Russian market contributed around 20 percent of hotel income of Laguna Phuket hotels, however the Russian market is not a key business of hotel in Bangkok. The Russian financial crisis in late 2014 resulted in fewer Russian tourists travelling to Phuket during the critical high season and this affected the Group's hotels in Phuket. In view of this the Group will seek for alternative markets so as to achieve a balanced customer base.

Interest Rate Fluctuation

The Group'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 as disclosed in the notes of the financial statements and the interest rate risk is not expected to be significant. The Group 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 of China, US, Russia, UK, and other European markets has the potential to impact the pricing and affordability of products and services of the Group 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 Group is unable to transfer good title to them.

RISK FACTORS

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 Group is generally prohibited from discharging employees without compensation absent gross misconduct, neglect, or acts of dishonesty. As such, the Group 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 Group was restricted from dismissing employees and could only institute a voluntary unpaid leave program. The Group has been restricted in the past and expects in the future to be limited to using voluntary separation plans where the Group is required to pay high amounts of severance pay and similar measures under which selected employees may elect to leave the Group 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 Group 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 9 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 2014

(Unit : Million Baht)

| | Payee | Payer | Transactions in 2014 | Person(s) with Mutual Interest | Nature of Relationship | Directors with Common Interest | Necessity/ Reasonableness |
|--|---------------------------------|---------|----------------------|--------------------------------|------------------------|--------------------------------|--|
| Transactions with associate | Inter resort receipts | LBTH | 2 | BTH | B | ESHL, HRH | Convenience of guest's payment |
| | Reimbursement receipts | LBTL | 4 | BTH | B | ESHL, KCH | Convenience of payment |
| | Reimbursement payments | LBTH | 1 | BTH | B | ESHL, HRH | |
| | Rental and service expenses | LBTH | 1 | BTH | B | ESHL, HRH | Providing the hotel facility of a high class retail outlet |
| | Sale of goods | LBTG | 3 | BTH | B | ESHL, HRH | Purchase of guests supplies for the hotel |
| Transactions with related companies | Credit card commission receipts | TWPL | 1 | BTRS(T) | C | CSH, ESHL, KCH | Convenience of guest's payment |
| | Inter resort payments | BTRS(T) | 16 | BTRS(T) | C | CSH, ESHL, KCH | Convenience of guest's payment to promote Laguna Phuket resort integration |
| | | BTRS(T) | 46 | BTRS(T) | C | CSH, ESHL, KCH | |
| | | BTRS(T) | 1 | BTRS(T) | C | - | |
| | | BTRS(T) | 1 | BTRS(T) | C | CSH, ESHL | |
| | | BTRS(T) | 15 | BTRS(T) | C | CSH, ESHL, KCH | Convenience of guest's payment |
| | Management fee income | LEL | PTBH | 1 | TRL | C | - |
| Management fees expenses | ADPL | LLL | 8 | BTH | B | ESHL | Architectural and Interior Design Services for construction of Laguna Park Clubhouse and show units. |
| | ADPL | TWDC | 15 | BTH | B | ESHL | Architectural and Interior Design Services for construction of Laguna Park Townhomes and Detached Homes. |

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2014

(Unit : Million Baht)

| | Payee | Payer | Transactions in 2014 | Person(s) with Mutual Interest | Nature of Relationship | Directors with Common Interest | Necessity/ Reasonableness |
|--------------------------|--------------------------|---------|----------------------|--------------------------------|------------------------|--------------------------------|---|
| Management fees expenses | BTCO(S) | BTG(T) | 2 | BTH | A, B | ESHL | For the use of "Banyan Tree" and "Angsana" trademarks and all proprietary rights associated with them |
| | BTHR | BGL | 24 | BTH | B | ESHL | For the use of "Angsana" trademark and all proprietary rights associated with it |
| | BTHR | LBTL | 17 | BTH | B | ESHL | For the use of "Banyan Tree" trademark and all proprietary rights associated with it |
| | BTHR | TWPL | 23 | BTH | B | ESHL | For the use of "Banyan Tree" trademark and all proprietary rights associated with it |
| | BTHR(T) | BGL | 26 | BTRS(T) | C | CSH, ESHL | Expertise in managing hotels – Management fees are in line with industry standards. |
| | BTHR(T) | LBTL | 31 | BTRS(T) | C | CSH, ESHL | |
| | BTHR(T) | TWPL | 28 | BTRS(T) | C | CSH, ESHL | |
| | BTMG | BGL | 24 | BTH | B | ESHL | Centralised marketing to promote "Angsana" brand. |
| | BTMG | LBTL | 32 | BTH | B | ESHL | Centralised marketing to promote "Banyan Tree" brand. |
| | BTMG | TWPL | 23 | BTH | B | ESHL | |
| | BTS | LBTL | 2 | BTH | B | CSH, ESHL | Vouchers to use spa service at the Banyan Tree Spa and Angsana Spa or to buy goods from the Banyan Tree Gallery and Angsana Gallery provided to management as a benefit |
| | BTS | LRH | 2 | BTH | A | CSH, ESHL | Spa service expense by purchasing of spa vouchers for using as a marketing tool |
| | BTS | TWPL | 1 | BTH | B | CSH, ESHL | Vouchers to buy goods from the Banyan Tree Gallery and Angsana Gallery provided to management as a benefit |
| | Sale of gallery vouchers | BTG(S) | BTS | 1 | BTH | A, B | ESHL |
| BTG(S) | | BTCO(S) | 1 | BTH | A, B | ESHL | Purchase of guest supplies for the hotel |
| BTG(T) | | HVRS | 3 | BTH | A, B | ESHL | Purchase of supplies for the spa operation and outlets |
| BTG(T) | | BTRS(T) | 2 | BTRS(T) | C | CSH, ESHL, KCH, KR | |
| BTG(T) | | BTS | 4 | BTH | A, B | CSH, ESHL | |

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2014

(Unit : Million Baht)

| Payee | Payer | Transactions in 2014 | Person(s) with Mutual Interest | Nature of Relationship | Directors with Common Interest | Necessity/ Reasonableness | |
|------------------------|------------------------|----------------------|--------------------------------|------------------------|--------------------------------|--|-----------|
| Sale of goods | BTG(T) | MA | BTH | A, B | ESHL | Purchase of guest supplies for the hotel | |
| | BTG(T) | MBPL | BTH | A, B | ESHL | | |
| | BTG(T) | PTMB | BTH | A, B | ESHL | | |
| | BTG(T) | PTBH | TRL | C | KCH | | |
| | BTG(T) | VM | BTH | A, B | ESHL | | |
| | LBTG | WLH | BTH | B | HRH | | |
| | AVCI | PTBH | 2 | TRL | C | | - |
| | BTG(S) | BTCO(S) | 4 | BTH | A, B | | ESHL |
| | BTG(S) | BTS | 6 | BTH | A, B | | ESHL |
| | BTG(T) | BTS | 8 | BTH | A, B | | CSH, ESHL |
| Reimbursement receipts | LBTL | BTHR(T) | 1 | BTRS(T) | C | CSH, ESHL | |
| | LBTL | BTI | 1 | BTH | B | ESHL | |
| | LBTL | BTRS(T) | 8 | BTRS(T) | C | CSH, ESHL, KCH | |
| | LBTL | BWIL | 2 | BTH | A, B | CSH, ESHL | |
| | LBTL | PCRI | 13 | BTH | B | ESHL | |
| | LGL | LVCL | 7 | BTH | B | ESHL | |
| | LRH | BTH | 1 | BTH | A | APV, KPH | |
| | LHC | CML | 3 | BTH | B | - | |
| | TWPL | BTHR(T) | 15 | BTRS(T) | C | CSH, ESHL | |
| | TWPL | BTRS(T) | 6 | BTRS(T) | C | CSH, ESHL, KCH | |
| | Reimbursement payments | BTH | LRH | 1 | BTH | A | APV, KPH |
| | | BTCO(S) | BTG(S) | 2 | BTH | A, B | ESHL |
| | | BTCO(S) | LRH | 1 | BTH | A | ESHL |
| | | BTHR(T) | BGL | 5 | BTRS(T) | C | CSH, ESHL |
| | | BTHR(T) | LBTL | 6 | BTRS(T) | C | CSH, ESHL |
| BTHR(T) | | TWPL | 3 | BTRS(T) | C | CSH, ESHL | |
| BTMG | | LBTL | 3 | BTH | B | ESHL | |
| BTRS(T) | | BTG(T) | 3 | BTRS(T) | C | CSH, ESHL, KCH, KR | |
| BTRS(T) | | LBTL | 4 | BTRS(T) | C | CSH, ESHL, KCH | |
| BTLC | | LRH | 5 | BTH | A, B | ESHL | |
| PTBH | | AVCI | 4 | TRL | C | - | |

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions between the Group (The Company and its Subsidiaries) and Related Parties in Year 2014

(Unit : Million Baht)

| | Payee | Payer | Transactions In 2014 | Person(s) with Mutual Interest | Nature of Relationship | Directors with Common Interest | Necessity/ Reasonableness |
|--|---------|---------|----------------------|--------------------------------|------------------------|--------------------------------|--|
| Rent and service income | BGL | BTRS(T) | 2 | BTRS(T) | C | CSH, ESHL, KCH | Angsana Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing. |
| | LBTL | BTRS(T) | 14 | BTRS(T) | C | CSH, ESHL, KCH | Banyan Tree Spa is a recognised spa brand name which enhances image of hotel and helps in its marketing. |
| | TWPL | BTRS(T) | 8 | BTRS(T) | C | CSH, ESHL, KCH | |
| | TWPL | TDC | 2 | - | - | CH | Rental of the corporate head office - The building is well located and has good amenities. |
| | TWPL | TWFP | 6 | - | - | CH, KCH | |
| | 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. |
| | LSC | BTRS(T) | 8 | BTRS(T) | C | CSH, ESHL, KCH | Centralization of facilities and services to each operation in Laguna Phuket |
| Spa service expenses Training charges | BTRS(T) | LHC | 1 | BTRS(T) | C | - | Purchase of gallery vouchers for using as a marketing tool |
| | BTHR(T) | BGL | 2 | BTRS(T) | C | CSH, ESHL | Centralized training for Laguna Phuket staff of all operations and allocated based on actual cost |
| | BTHR(T) | LBTL | 2 | BTRS(T) | C | CSH, ESHL | |
| | BTHR(T) | TWPL | 2 | BTRS(T) | C | CSH, ESHL | |

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Transactions within the Group and a Company which is Owned by Persons with a Mutual of Interest more than 10 percent in Year 2014

(Unit : Million Baht)

| Payee | Payer | Transactions in 2014 | Person(s) with Mutual Interest | Nature of Relationship | Directors with Common Interest | Necessity/ Reasonableness |
|--------|--------|----------------------|--------------------------------|------------------------|-------------------------------------|--|
| BTG(T) | BGL | 1 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | Convenience of guest's payment to promote Laguna Phuket resort integration |
| BTG(T) | LBTL | 9 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | |
| BTG(T) | LGL | 3 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | |
| BTG(T) | TWPL | 2 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | Convenience of guest's payment |
| BTG(T) | LHC | 1 | BTH | A, B | CH, PN, SDR | Purchase of gallery vouchers for using as a marketing tool. |
| BTG(T) | LBTG | 5 | BTH | A, B | ESHL | Central purchasing to facilitate bulk purchasing for competitive pricing |
| BTG(T) | BGL | 5 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | Purchase of guests supplies for the hotel |
| BTG(T) | LBTL | 8 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | |
| BTG(T) | TWPL | 7 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | |
| BTG(S) | BTG(T) | 3 | BTH | A, B | CSN, ESHL, SDR | Convenience of payment |
| LBTL | BTG(T) | 1 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | |
| TWPL | BTG(T) | 2 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | |
| LBTL | BTG(T) | 2 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, SDR | Providing the hotel facility of a high class retail outlet |
| TWPL | BTG(T) | 4 | BTH | A, B | AU, CH, CSH, ESHL, KCH, NT, PN, 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

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

Abbreviations

| | | | |
|---------|---|------|--|
| ADPL | Architrave Design & Planning Services Pte. Ltd. | LBTH | Lijiang Banyan Tree Hotel Company Limited |
| AVCI | PT. AVC Indonesia | LBTL | Laguna Banyan Tree Limited |
| BGL | Bangtao Grande Limited | LGL | Laguna Grande Limited |
| BTCO(S) | Banyan Tree Corporate Pte. Ltd | LHC | Laguna Holiday Club Limited |
| BTG(S) | Banyan Tree Gallery (Singapore) Pte Ltd. | LRH | Laguna Resorts & Hotels Public Company Limited |
| BTG(T) | Banyan Tree Gallery (Thailand) Limited | LSC | Laguna Service Company Limited |
| BTH | Banyan Tree Holdings Limited | LVCL | Laguna (Vietnam) Company Limited |
| BTHR | Banyan Tree Hotels & Resorts Pte. Ltd. | LVL | Laguna Village 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. |
| BTLC | Banyan Tree Langco Services Pte. Ltd. | PCRI | PT Cassia Resorts Investments |
| 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 |
| BWIL | Beruwela Walk Inn Limited | TDC | Tapioca Development Corporation Limited |
| CGL | Cheer Golden Limited | TRL | Tropical Resorts Limited |
| CML | Club Management Limited | TWDC | Twin Water Development Company Limited |
| GPS | GPS Development Services Pte. Ltd. | TWFP | Thai Wah Food Products Public Company Limited |
| HSD | Heritage Spas Dubai LLC | TWPL | Thai Wah Plaza Limited |
| HVRS | Hill View Resorts (Seychelles) Limited | VM | Vabbinvest Maldives Pvt. Ltd. |
| LBTG | Lijiang Banyan Tree Gallery Trading Company Limited | WLH | Wanyue Leisure Health (Shanghai) Co., Ltd. |

Initials

| | | | |
|------|----------------------------|-----|---------------------------|
| APV | Mr. Ariel P. Vera | HRH | Mr. Ho Ren Hua |
| AS | Ms. Areewan Sriwichupong | KCH | Mr. Ho KwonCjan |
| CH | Mr. Kuan Chiet | KPH | Mr. Ho KwonPing |
| CSH | Mr. Shankar Chandran | KR | Ms. Kanruethai Roongruang |
| CSN | Ms. Chiang See Ngoh Claire | PN | Mr. Passapong Nantarak |
| ESHL | Mr. Eddy See Hock Lye | SDR | Mr. Stuart David Reading |

PERSONS WITH MUTUAL INTEREST AND CONNECTED TRANSACTIONS

| 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.

LEGAL DISPUTE

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 nine 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 nine 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. On 28 March 2014, the Phuket Provincial Court postponed the hearing for judgment to 30 May 2014. On 30 May 2014, the Phuket Provincial Court postponed the hearing for judgment to 27 June 2014.

On 27 June 2014, the Phuket Provincial Court ordered the defendants (1) to transfer the nine plots of land totaling 10 Rai 3 Ngan 97.1 Square Wah to the plaintiffs or compensate in the amount of Baht 131,913,000 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment has been made in full, (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land no. 7257 and 7264 with interest at the rate of 7.5 percent per annum from the date the claim was lodged until payment is made in full, (3) to pay Baht 16,000.79 per day for unlawful usage of those two land pieces from the date the claim was lodged until the transfer of aforementioned land has been completed, and (4) to pay a further Baht 500,000 for legal fees to the plaintiffs. On 17 July 2014, the defendants filed the request for extension of submitting the appeal and the Court granted the extension to 27 August 2014. On 21 August 2014, the defendants filed the second request for extension of submitting the appeal and the Court granted the extension to 27 November 2014. On 19 November 2014, the defendants filed the third request for extension of submitting the appeal and the Court granted the extension to 27 January 2015.

On 23 January 2015, the defendants lodged an appeal on the judgment at the Court of First Instance and the Court ordered the acceptance of the appeal of the defendants.

The Present Circumstances

This case is currently pending at the Appeal Court.

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 2014 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 2014, 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 2014.

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. As a pledge of the Company's ongoing commitment to operate its business ethically and to avoid any corrupt practices, the Audit and Risk Committee recommended the Company to join the Thailand Private Sector Collective Action Coalition Against Corruption which the Company did in 2014.

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 2014 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.

REPORT OF THE AUDIT AND RISK COMMITTEE

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. Rungnapa 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 EY Office Limited to be the Company's auditors for the fiscal year 2015 with a recommended audit fee of Baht 670,000.-.



(Mr. Vudhiphol Suriyabhivadh)
Audit and Risk Committee Chairman
17 February 2015

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

The Audit and Risk Committee met four times in 2014 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 2014, 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 2014 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, EY 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 are 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 2014 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

FINANCIAL REPORTS





Banyan Tree Residence

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 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182
EY Office Limited
Bangkok: 24 February 2015

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

(Unit : Baht)

| | NOTE | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-----------------------|-------------------------------|----------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6 | 444,633,200 | 370,828,298 | 17,675,124 | 17,182,951 |
| Current investment - short-term fixed deposit | | 10,587,991 | 10,424,865 | - | - |
| Trade and other receivables | 8 | 549,723,270 | 579,009,676 | 203,899,461 | 205,710,145 |
| Inventories | 10 | 107,779,102 | 123,132,426 | - | - |
| Property development cost | 11 | 3,888,709,119 | 3,414,814,251 | 193,267,064 | 245,054,436 |
| Other current assets | 12 | 178,918,303 | 204,771,602 | 23,537,678 | 26,924,539 |
| Total current assets | | 5,180,350,985 | 4,702,981,118 | 438,379,327 | 494,872,071 |
| Non-current assets | | | | | |
| Restricted deposits at financial institution | 7 | 41,189 | 41,189 | - | - |
| Long-term fixed deposit | | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Long-term trade accounts receivable | 13 | 165,044,275 | 144,442,559 | - | 14,063,349 |
| Investments in subsidiaries | 14 | - | - | 3,479,025,077 | 3,479,025,077 |
| Investments in associates | 15 | 409,464,982 | 456,568,175 | - | - |
| Other long-term investments | 16 | 1,008,789,883 | 851,652,389 | 402,425,290 | 245,287,796 |
| Long-term loans to subsidiaries | 9 | - | - | 2,257,020,629 | 1,948,000,629 |
| Long-term loans to employees | 9 | - | 183,034 | - | 23,325 |
| Investment properties | 17 | 1,112,275,932 | 1,100,635,059 | 181,225,030 | 168,997,818 |
| Property, plant and equipment | 18 | 10,244,887,848 | 10,207,075,537 | 49,796,176 | 50,878,389 |
| Deferred tax assets | 30 | 95,533,870 | 81,588,647 | - | - |
| Goodwill | 14 | 407,903,881 | 407,903,881 | - | - |
| Leasehold rights | 19 | 19,448,550 | 22,912,903 | - | - |
| Other non-current assets | | 68,356,883 | 69,513,824 | 1,334,653 | 3,041,643 |
| Total non-current assets | | 13,533,747,293 | 13,344,517,197 | 6,372,826,855 | 5,911,318,026 |
| Total assets | | 18,714,098,278 | 18,047,498,315 | 6,811,206,182 | 6,406,190,097 |

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2014

(Unit : Baht)

| | NOTE | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-----------------------|-------------------------------|----------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 20 | 710,000,000 | 170,000,000 | 360,000,000 | 150,000,000 |
| Trade and other payables | 21 | 687,573,357 | 608,574,194 | 24,925,616 | 51,223,896 |
| Current portion of long-term loans from financial institutions | 23 | 657,750,000 | 457,000,000 | 70,000,000 | 70,000,000 |
| Income tax payable | | 23,787,114 | 13,197,834 | - | - |
| Advance received from customers | | 1,017,212,164 | 514,413,237 | 715,596 | 263,506 |
| Other current liabilities | 22 | 122,059,676 | 119,137,926 | 9,959,271 | 7,487,798 |
| Total current liabilities | | 3,218,382,311 | 1,882,323,191 | 465,600,483 | 278,975,200 |
| Non-current liabilities | | | | | |
| Long-term loans from subsidiaries | 9 | - | - | 765,850,000 | 673,850,000 |
| Long-term loans from financial institutions - net of current portion | 23 | 1,819,575,819 | 2,513,325,819 | 35,000,000 | 105,000,000 |
| Provision for long-term employee benefits | 24 | 52,622,004 | 54,400,732 | 10,021,710 | 11,668,911 |
| Long-term provision - provision for legal case | 39 | 39,337,103 | - | - | - |
| Deferred tax liabilities | 30 | 2,091,589,988 | 2,097,827,508 | 196,846,463 | 153,361,368 |
| Other non-current liabilities | | 84,959,992 | 97,628,519 | 5,881,045 | 7,888,729 |
| Total non-current liabilities | | 4,088,084,906 | 4,763,182,578 | 1,013,599,218 | 951,769,008 |
| Total liabilities | | 7,306,467,217 | 6,645,505,769 | 1,479,199,701 | 1,230,744,208 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 211,675,358 ordinary shares of Baht 10 each | | 2,116,753,580 | 2,116,753,580 | 2,116,753,580 | 2,116,753,580 |
| Issued and fully paid-up | | | | | |
| 166,682,701 ordinary shares of Baht 10 each | | 1,666,827,010 | 1,666,827,010 | 1,666,827,010 | 1,666,827,010 |
| Share premium | | 2,062,460,582 | 2,062,460,582 | 2,062,460,582 | 2,062,460,582 |
| Capital reserve | 25 | 568,130,588 | 568,130,588 | - | - |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 27 | 211,675,358 | 211,675,358 | 211,675,358 | 211,675,358 |
| Unappropriated | | 2,482,805,944 | 2,521,328,953 | 957,046,188 | 926,195,591 |
| Other components of shareholders' equity | | 4,134,100,817 | 4,091,793,242 | 433,997,343 | 308,287,348 |
| Equity attributable to owner of the Company | | 11,126,000,299 | 11,122,215,733 | 5,332,006,481 | 5,175,445,889 |
| Equity attributable to non-controlling interests of the subsidiaries | | 281,630,762 | 279,776,813 | - | - |
| Total shareholders' equity | | 11,407,631,061 | 11,401,992,546 | 5,332,006,481 | 5,175,445,889 |
| Total liabilities and shareholders' equity | | 18,714,098,278 | 18,047,498,315 | 6,811,206,182 | 6,406,190,097 |

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

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit : Baht)

| | NOTE | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|--------------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Revenue | | | | | |
| Revenue from hotel operations | | 3,039,990,887 | 3,428,458,199 | - | 7,531,600 |
| Revenue from property development operations | | 815,205,013 | 744,416,413 | 99,521,708 | 224,443,942 |
| Revenue from office rental operations | | 90,368,736 | 88,542,903 | 39,607,701 | 40,632,272 |
| Other income | 28 | 70,860,919 | 91,017,516 | 245,119,692 | 237,761,550 |
| Total revenue | | 4,016,425,555 | 4,352,435,031 | 384,249,101 | 510,369,364 |
| Expenses | | | | | |
| Cost of hotel operation | | 1,748,452,059 | 1,902,116,928 | - | 331,660 |
| Cost of property development operations | | 424,589,152 | 337,427,604 | 52,694,785 | 112,188,787 |
| Cost of office rental operations | | 45,333,910 | 43,265,799 | 7,195,467 | 7,308,059 |
| Selling expenses | | 384,458,845 | 430,518,638 | 6,943,772 | 17,179,411 |
| Administrative expenses | | 1,274,812,178 | 1,480,853,733 | 156,077,666 | 225,328,750 |
| Reversal of loss on impairment of investment | 16 | (89,338,720) | (245,287,794) | - | (31,161,043) |
| Total expenses | | 3,788,307,424 | 3,948,894,908 | 222,911,690 | 331,175,624 |
| Profit before share of loss from investment in associate, finance cost and income tax expenses | | | | | |
| | | 228,118,131 | 403,540,123 | 161,337,411 | 179,193,740 |
| Share of loss from investment in associate | 15 | (36,189,121) | (21,065,652) | - | - |
| Profit before finance cost and income tax expenses | | 191,929,010 | 382,474,471 | 161,337,411 | 179,193,740 |
| Finance cost | | (162,075,264) | (180,457,409) | (61,765,911) | (59,913,373) |
| Profit before income tax expenses | | 29,853,746 | 202,017,062 | 99,571,500 | 119,280,367 |
| Income tax expenses | 30 | (8,630,849) | (85,378,946) | (12,057,596) | (34,282,728) |
| Profit for the year | | 21,222,897 | 116,638,116 | 87,513,904 | 84,997,639 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 18,140,298 | 111,788,555 | 87,513,904 | 84,997,639 |
| Non-controlling interests of the subsidiaries | | 3,082,599 | 4,849,561 | | |
| | | 21,222,897 | 116,638,116 | | |
| Basic earnings per share | | | | | |
| Profit attributable to equity holders of the Company | 31 | 0.11 | 0.67 | 0.53 | 0.51 |

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit : Baht)

| | NOTE | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-----------------|-------------------------------|-------------|
| | | 2014 | 2013 | 2014 | 2013 |
| Profit for the year | | 21,222,897 | 116,638,116 | 87,513,904 | 84,997,639 |
| Other comprehensive income: | | | | | |
| Exchange differences on translation of financial statements in foreign currency | | (13,160,094) | 62,243,239 | - | - |
| Actuarial loss of post-employment benefits, net of income tax | 24 | - | (10,714,023) | - | (3,370,977) |
| Unrealised gain on available-for-sales security, net of income tax | 16 | 54,239,019 | - | 125,709,995 | 171,301,401 |
| Reversal of revaluation surplus on assets, net of income tax | 26 | - | (1,160,903,353) | - | (8,599,310) |
| Other comprehensive income (loss) for the year | | 41,078,925 | (1,109,374,137) | 125,709,995 | 159,331,114 |
| Total comprehensive income (loss) for the year | | 62,301,822 | (992,736,021) | 213,223,899 | 244,328,753 |
| Total comprehensive income (loss) attributable to: | | | | | |
| Equity holders of the Company | | 60,447,873 | (999,409,114) | 213,223,899 | 244,328,753 |
| Non-controlling interests of the subsidiaries | | 1,853,949 | 6,673,093 | | |
| | | 62,301,822 | (992,736,021) | | |

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit : Baht)

| Consolidated financial statements | | | | | | | | | | | | |
|---|--|---------------|-----------------|--|----------------|---|-------------------------------|-----------------------------------|--|--|----------------------------|--|
| Equity attributable to the owners of the Company | | | | | | | | | | | | |
| | Retained earnings | | | Other components of shareholders' equity | | | | | Total equity attributable to shareholders of the Company | Equity attributable to non-controlling interests of the subsidiaries | Total shareholders' equity | |
| | Issued and fully paid-up share capital | Share premium | Capital reserve | Appropriated - statutory reserve | Unappropriated | Exchange differences on translation of financial statements in foreign currency | Revaluation surplus on assets | Unrealised gain on sales security | | | | Total other components of shareholders' equity |
| | | | | | | | | | | | | |
| Balance as at 1 January 2013 | 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 | 12,415,563,228 |
| Dividend paid (Note 33) | - | - | - | - | (20,834,661) | - | - | - | - | (20,834,661) | - | (20,834,661) |
| Profit for the year | - | - | - | - | 111,788,555 | - | - | - | - | 111,788,555 | 4,849,561 | 116,638,116 |
| Other comprehensive income (loss) for the year | - | - | - | - | (10,714,023) | 60,419,707 | (1,160,903,353) | - | (1,100,483,646) | (1,111,197,669) | 1,823,532 | (1,109,374,137) |
| 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 | (992,736,021) |
| 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 | - | 4,091,799,242 | 11,122,215,733 | 279,776,813 | 11,401,992,546 |
| Balance as at 1 January 2014 | 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 | - | 4,091,799,242 | 11,122,215,733 | 279,776,813 | 11,401,992,546 |
| Dividend paid (Note 33) | - | - | - | - | (56,663,307) | - | - | - | - | (56,663,307) | - | (56,663,307) |
| Profit for the year | - | - | - | - | 18,140,298 | - | - | - | - | 18,140,298 | 3,082,599 | 21,222,897 |
| Other comprehensive income (loss) for the year | - | - | - | - | - | (11,931,444) | - | 54,239,019 | 42,307,575 | 42,307,575 | (1,228,650) | 41,078,925 |
| Total comprehensive income (loss) for the year | - | - | - | - | 18,140,298 | (11,931,444) | - | 54,239,019 | 42,307,575 | 60,447,873 | 1,853,949 | 62,301,822 |
| Balance as at 31 December 2014 | 1,666,827,010 | 2,062,460,582 | 568,130,588 | 211,675,358 | 2,482,805,944 | 144,644,006 | 3,935,217,792 | 54,239,019 | 4,134,100,817 | 11,126,000,299 | 281,630,762 | 11,407,631,061 |

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit : Baht)

| | Separate financial statements | | | | | | | Total shareholders' equity | |
|--|--|---------------|----------------------------------|----------------|--|---|--|----------------------------|--------------|
| | Issued and fully paid-up share capital | Share premium | Retained earnings | | Other components of shareholders' equity | | | | |
| | | | Appropriated - Statutory reserve | Unappropriated | Revaluation surplus on assets | Unrealised gain on available-for-sales security | Total other components of shareholders' equity | | |
| Balance as at 1 January 2013 | 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 33) | - | - | - | (20,834,661) | - | - | - | - | (20,834,661) |
| Profit for the year | - | - | - | 84,997,639 | - | - | - | - | 84,997,639 |
| Other comprehensive income (loss) for the year | - | - | - | (3,370,977) | (8,599,310) | 171,301,401 | 171,301,401 | 162,702,091 | 159,331,114 |
| Total comprehensive income (loss) for the year | - | - | - | 81,626,662 | (8,599,310) | 171,301,401 | 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 | |
| Balance as at 1 January 2014 | 1,666,827,010 | 2,062,460,582 | 211,675,358 | 926,195,591 | 136,985,947 | 171,301,401 | 308,287,348 | 5,175,445,889 | |
| Dividend paid (Note 33) | - | - | - | (56,663,307) | - | - | - | - | (56,663,307) |
| Profit for the year | - | - | - | 87,513,904 | - | - | - | - | 87,513,904 |
| Other comprehensive income (loss) for the year | - | - | - | - | - | 125,709,995 | 125,709,995 | 125,709,995 | 125,709,995 |
| Total comprehensive income for the year | - | - | - | 87,513,904 | - | 125,709,995 | 125,709,995 | 125,709,995 | 213,223,899 |
| Balance as at 31 December 2014 | 1,666,827,010 | 2,062,460,582 | 211,675,358 | 957,046,188 | 136,985,947 | 297,011,396 | 433,997,343 | 5,332,006,481 | |

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit : Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------------|-------------------------------|--------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash flows from operating activities | | | | |
| Profit before income tax expenses | 29,853,746 | 202,017,062 | 99,571,500 | 119,280,367 |
| Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 292,261,157 | 286,246,559 | 4,568,610 | 5,779,228 |
| Amortisation of leasehold rights | 2,658,272 | 2,558,382 | - | - |
| Allowance for doubtful accounts (reversal) | (832,712) | 7,311,339 | - | - |
| Reversal of reduction of inventory to net realisable value | (1,725,309) | (1,244,131) | - | - |
| Share of loss from investment in associate | 36,189,121 | 21,065,652 | - | - |
| Loss (gain) on change in fair value of investment properties | (4,121,543) | (24,091,059) | (12,153,016) | 916,843 |
| Loss (gain) on sales of property, plant and equipment | (416,273) | 118,918 | (25,049) | 596,031 |
| Write off property, plant and equipment | 781,018 | 24,250,150 | 1,030 | 4,016,313 |
| Dividend income from investment in subsidiaries | - | - | (34,053,990) | - |
| Dividend income from other long-term investment | (25,550,812) | (12,775,406) | (25,550,812) | (12,775,406) |
| Provision for long-term employee benefits (reversal) | 7,601,379 | 16,314,581 | (1,378,493) | 1,552,327 |
| Reversal of loss on impairment of property, plant and equipment | - | - | - | (7,356,193) |
| Reversal of loss on impairment of investment | (89,338,720) | (245,287,794) | - | (31,161,043) |
| Provision for legal case | 39,337,103 | - | - | - |
| Interest income | (20,216,554) | (25,241,453) | (138,506,337) | (133,789,932) |
| Interest expenses | 162,075,264 | 180,457,409 | 61,765,911 | 59,913,373 |
| Profit (loss) from operating activities before changes in operating assets and liabilities | 428,555,137 | 431,700,209 | (45,760,646) | 6,971,908 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 30,057,360 | (63,677,854) | 3,128,367 | 7,052,741 |
| Inventories | 17,078,633 | 11,535,261 | - | 104,634 |
| Property development cost | (503,773,109) | 52,762,084 | 51,787,372 | 111,717,451 |
| Other current assets | 49,082,812 | (7,544,109) | 9,664,504 | 10,270,143 |
| Long-term trade accounts receivable | (20,601,716) | 15,635,857 | 14,063,349 | 10,826,878 |
| Other non-current assets | 1,082,744 | 430,256 | 1,632,794 | 15,594 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | 81,015,432 | (82,911,506) | (26,776,476) | (11,199,888) |
| Advance received from customers | 502,798,927 | 158,409,452 | 452,090 | (22,999,445) |
| Other current liabilities | 2,921,249 | (8,776,024) | 2,471,473 | 1,712,951 |
| Provision for long-term employee benefits | (9,380,107) | (28,768,488) | (268,708) | (3,981,552) |
| Other non-current liabilities | (12,668,527) | 6,465,462 | (2,007,684) | 3,920,795) |
| Cash flows from operating activities | 566,168,835 | 485,260,600 | 8,386,435 | 106,570,620 |
| Cash received for interest income | 20,278,312 | 25,714,083 | 137,188,655 | 104,380,931 |
| Cash paid for interest expenses | (162,679,517) | (179,906,430) | (61,287,717) | (58,390,259) |
| Cash paid for income tax | (53,519,831) | (66,084,998) | (6,277,642) | (6,224,949) |
| Net cash flows from operating activities | 370,247,799 | 264,983,255 | 78,009,731 | 146,336,343 |

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

CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit : Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash flows from investing activities | | | | |
| Increase in restricted deposits at financial institution | - | (41,189) | - | - |
| Increase in current investment - short-term fixed deposit | (163,126) | (10,424,865) | - | - |
| Cash paid for purchase of other long-term investment | - | (62,031,864) | - | - |
| Dividend received from investments in subsidiaries | - | - | 34,053,990 | - |
| Dividend received from investment in associate | - | 85,024,714 | - | - |
| Dividend received from other long-term investment | 25,550,812 | 12,775,406 | 25,550,812 | 12,775,406 |
| Cash received from long-term loans to subsidiaries | - | - | 1,663,400,000 | 763,700,000 |
| Cash paid for long-term loans to subsidiaries | - | - | (1,972,420,000) | (1,020,800,000) |
| Decrease in long-term loans to employees | 183,034 | 1,910,222 | 23,325 | 139,641 |
| Cash received from sales of property, plant and equipment | 904,433 | 1,177,667 | 4,418,133 | 7,297,531 |
| Cash paid for acquisition of property, plant and equipment | (310,708,625) | (231,909,035) | (7,880,511) | (9,029,550) |
| Net cash flow used in investing activities | (284,233,472) | (203,518,944) | (252,854,251) | (245,916,972) |
| Cash flows from financing activities | | | | |
| Increase in short-term loans from financial institution | 540,000,000 | 170,000,000 | 210,000,000 | 150,000,000 |
| Draw down of long-term loans from subsidiaries | - | - | 935,200,000 | 738,500,000 |
| Repayment of long-term loans from subsidiaries | - | - | (843,200,000) | (734,300,000) |
| Draw down of long-term loans from financial institutions | - | 103,500,000 | - | - |
| Repayment of long-term loans from financial institutions | (493,000,000) | (530,450,744) | (70,000,000) | (70,000,000) |
| Payment of dividends | (56,663,307) | (20,834,661) | (56,663,307) | (20,834,661) |
| Net cash flows from (used in) financing activities | (9,663,307) | (277,785,405) | 175,336,693 | 63,365,339 |
| Net exchange differences on translation of financial statements in foreign currency | (2,546,118) | 15,285,023 | - | - |
| Net increase (decrease) in cash and cash equivalents | 73,804,902 | (201,036,071) | 492,173 | (36,215,290) |
| Cash and cash equivalents at beginning of year | 370,828,298 | 571,864,369 | 17,182,951 | 53,398,241 |
| Cash and cash equivalents at end of year | 444,633,200 | 370,828,298 | 17,675,124 | 17,182,951 |
| Supplemental cash flows information | | | | |
| Non-cash items | | | | |
| Transferred of property, plant and equipment to investment properties | 7,445,134 | - | - | - |
| Transferred property development cost to property, plant and equipment | 29,878,241 | 72,127,546 | - | - |
| Transferred property, plant and equipment to property development cost | - | 1,152,193,444 | - | 111,429,000 |
| Reversal of revaluation surplus on assets | - | (1,451,129,189) | - | (10,749,137) |
| Increase (decrease) in exchange differences on translation of financial statements in foreign currency of associate | (10,914,072) | 46,353,079 | - | - |
| Actuarial loss of post-employment benefits | - | (13,392,529) | - | (4,213,722) |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 was 21/11, 21/12B, 21/13 and 21/68 Thai Wah Tower 1, 6th and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

On 2 January 2014, the Company registered with the Ministry of Commerce the change of its address to 21/17B, 21/17C, 21/65, 21/66 and 21/68 Thai Wah Tower 1, 7th, 22nd and 24th Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|--|--|--------------------------|----------------------------|--------|
| | | | 2014 % | 2013 % |
| 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 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

| Company's name | Nature of business | Country of incorporation | Percentage of shareholding | |
|---|--|--------------------------------|----------------------------|--------|
| | | | 2014 % | 2013 % |
| Subsidiaries directly held by the Company (con't) | | | | |
| Laguna Lakes Limited | Property development | Thailand | 94.9 | 94.9 |
| Laguna (3) Limited | Owns 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 | Owns 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 | Owns land on which the golf course is situated | Thailand | 100.0 | 100.0 |
| Bangtao (2) Limited | Owns land on which the golf course is situated | Thailand | 100.0 | 100.0 |
| Bangtao (3) Limited | Owns land on which a hotel staff dormitory is situated | Thailand | 100.0 | 100.0 |
| Bangtao (4) Limited | Owns land on which the golf course is situated | Thailand | 100.0 | 100.0 |
| Bangtao Development Limited | Owns land on which a hotel is situated | Thailand | 100.0 | 100.0 |
| Bangtao Grande Limited | Hotel operations | Thailand | 100.0 | 100.0 |
| Laguna Central Limited | Dormant | Thailand | 85.0 | 85.0 |
| Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited | | | | |
| Lijiang Banyan Tree Gallery Trading Company Limited | 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

- (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 financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

| | |
|-----------------------|--|
| TAS 1 (revised 2012) | Presentation of Financial Statements |
| TAS 7 (revised 2012) | Statement of Cash Flows |
| TAS 12 (revised 2012) | Income Taxes |
| TAS 17 (revised 2012) | Leases |
| TAS 18 (revised 2012) | Revenue |
| TAS 19 (revised 2012) | Employee Benefits |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates |
| TAS 24 (revised 2012) | Related Party Disclosures |
| TAS 28 (revised 2012) | Investments in Associates |
| TAS 31 (revised 2012) | Interests in Joint Ventures |
| TAS 34 (revised 2012) | Interim Financial Reporting |
| TAS 36 (revised 2012) | Impairment of Assets |
| TAS 38 (revised 2012) | Intangible Assets |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Financial Reporting Standards:

| | |
|-----------------------|--|
| TFRS 2 (revised 2012) | Share-based Payment |
| TFRS 3 (revised 2012) | Business Combinations |
| TFRS 5 (revised 2012) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2012) | Operating Segments |

Accounting Standard Interpretations:

| | |
|---------|--|
| TSIC 15 | Operating Leases – Incentives |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 29 | Service Concession Arrangements: Disclosures |
| TSIC 32 | Intangible Assets – Web Site Costs |

Financial Reporting Standard Interpretations:

| | |
|----------|--|
| TFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 | Determining whether an Arrangement contains a Lease |
| TFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| TFRIC 7 | Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i> |
| TFRIC 10 | Interim Financial Reporting and Impairment |
| TFRIC 12 | Service Concession Arrangements |
| TFRIC 13 | Customer Loyalty Programmes |
| TFRIC 17 | Distributions of Non-cash Assets to Owners |
| TFRIC 18 | Transfers of Assets from Customers |

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

TFRS 10 Consolidated Financial Statements

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

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

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

TFRS 13 Fair Value Measurement

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

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 Revenue recognition

- (a) Revenue from hotel operations
- Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts.
 - Revenue from sales of merchandise (Gallery operation) is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.
- (b) Revenue from property development operations
- Revenue from the real estate sales
Revenue from sales of real estate is recognised when significant risks and rewards of ownership are transferred to the buyer, and the Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

- Revenue from sales of furniture

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

- Revenue from sale of holiday club memberships

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

(c) Revenue from rental and services

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

(d) Interest income

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

(e) Dividends

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

4.2 Cost of property development

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

4.3 Cash and cash equivalents

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

4.4 Trade accounts receivable

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

4.5 Property development cost

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

4.6 Inventories

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4.7 Investments

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

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

4.8 Investment properties

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

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

4.9 Property, plant and equipment/Depreciation

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

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

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

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

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

Depreciation is included in determining earnings.

No depreciation is provided on land and construction in progress.

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

4.10 Leasehold rights and amortisation

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

The amortisation is included in determining income.

4.11 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4.12 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.

4.13 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.

4.14 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.

4.15 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

4.16 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.

4.17 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

4.18 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.

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

In determining the fair value of financial instruments 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Impairment of equity investments

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

Investment properties

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

Property, plant and equipment/Depreciation

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

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

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

Goodwill

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

Deferred tax assets

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

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

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

Litigation

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

6. Cash and cash equivalents

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------|-----------------------------------|----------------|-------------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash | 5,360 | 6,274 | 180 | 182 |
| Bank deposits | 439,273 | 364,554 | 17,495 | 17,001 |
| Total | 444,633 | 370,828 | 17,675 | 17,183 |

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interest rates between 0.375 percent and 1.25 percent per annum (2013: between 0.50 percent and 1.60 percent per annum).

7. Restricted deposits at financial institution

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

8. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Trade accounts receivable | | | | |
| Trade accounts receivable - hotel operations | 292,729 | 321,046 | 5,127 | 1,890 |
| Less: Allowance for doubtful accounts | (10,822) | (12,308) | - | - |
| Trade accounts receivable - hotel operations, net | 281,907 | 308,738 | 5,127 | 1,890 |
| Trade accounts receivable - sales of property | | | | |
| - Installments due | 13,014 | 22,891 | - | 11,573 |
| Current portion of long-term trade accounts receivable (Note 13) | 84,262 | 81,670 | 4,857 | 3,246 |
| Trade accounts receivable - sales of property, net | 97,276 | 104,561 | 4,857 | 14,819 |
| Trade accounts receivable - sales of holiday club memberships | | | | |
| - Installments due | 8,917 | 10,041 | - | - |
| Current portion of long-term trade accounts receivable (Note 13) | 22,022 | 29,284 | - | - |
| Total | 30,939 | 39,325 | - | - |
| Less: Allowance for doubtful accounts | (2,600) | (2,600) | - | - |
| Trade accounts receivable - sales of holiday club memberships, net | 28,339 | 36,725 | - | - |
| Trade accounts receivable - net | 407,522 | 450,024 | 9,984 | 16,709 |
| Other receivables | | | | |
| Amounts due from related parties (Note 9) | 58,089 | 53,904 | 151,037 | 155,471 |
| Other receivables | 20,312 | 30,375 | 639 | 1,854 |
| Insurance claim receivable | 14,616 | 327 | - | - |
| Accrued other income | 7,174 | 13,007 | 229 | 331 |
| Interest receivable | 132 | 194 | 132 | 166 |
| Accrued rental | 41,878 | 31,179 | 41,878 | 31,179 |
| Total other receivables | 142,201 | 128,986 | 193,915 | 189,001 |
| Trade and other receivables, net | 549,723 | 579,010 | 203,899 | 205,710 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

The balances of trade accounts receivable - hotel operations as at 31 December 2014 and 2013, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------|-------------------------------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Age of receivables | | | | |
| Not yet due | 122,287 | 143,017 | 2,251 | 244 |
| Past due | | | | |
| Up to 30 days | 87,028 | 82,865 | 794 | 616 |
| 31 - 60 days | 20,821 | 22,343 | 642 | 493 |
| 61 - 90 days | 4,212 | 8,760 | 490 | 338 |
| 91 - 120 day | 5,788 | 11,037 | 950 | 199 |
| Over 120 days | 52,593 | 53,024 | - | - |
| Total | 292,729 | 321,046 | 5,127 | 1,890 |
| Less: Allowance for doubtful debts | (10,822) | (12,308) | - | - |
| Trade accounts receivable - hotel operations, net | 281,907 | 308,738 | 5,127 | 1,890 |

The balances of installments due of trade accounts receivable - sales of property as at 31 December 2014 and 2013, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------|-------------------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Age of receivables | | | | |
| Not yet due | 10,336 | 22,891 | - | 11,573 |
| Past due | | | | |
| Up to 30 days | 2,678 | - | - | - |
| Trade accounts receivable - sales of property - installment due, net | 13,014 | 22,891 | - | 11,573 |

The balances of installments due of trade accounts receivable - holiday club memberships as at 31 December 2014 and 2013, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|---------|-------------------------------|------|
| | 2014 | 2013 | 2014 | 2013 |
| Age of receivables | | | | |
| Past due | | | | |
| Up to 30 days | 2,624 | 3,501 | - | - |
| 31 - 60 days | 458 | 610 | - | - |
| 61 - 90 days | 465 | 497 | - | - |
| 91 - 120 day | 340 | 465 | - | - |
| Over 120 days | 5,030 | 4,968 | - | - |
| Total | 8,917 | 10,041 | - | - |
| Less: Allowance for doubtful debts | (2,600) | (2,600) | - | - |
| Trade accounts receivable - sales of holiday club membership - installment due, net | 6,317 | 7,441 | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

9. Related party transactions

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

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer pricing policy |
|--|-----------------------------------|------|-------------------------------|------|--|
| | 2014 | 2013 | 2014 | 2013 | |
| Transactions with subsidiary companies (eliminated from the consolidated financial statements) | | | | | |
| Inter resort payments | - | - | - | 6 | (1) agreed basis |
| Estate service expenses | - | - | 2 | 1 | (2) at market price |
| Guarantee fee income | - | - | 1 | 1 | (3) agreed basis |
| Guarantee fee expenses | - | - | 3 | 3 | (3) agreed basis |
| Interest income | - | - | 137 | 128 | (5) agreement |
| Interest expenses | - | - | 45 | 46 | (5) agreement |
| Management fee income | - | - | 27 | 87 | (4), (7) agreement |
| Reimbursement receipts | - | - | 22 | 11 | (11) agreed basis |
| Reimbursement payments | - | - | 17 | 26 | (11) agreed basis |
| Rental and service income | - | - | 12 | 12 | (12)(i), (iii) agreement |
| Rental and service expenses | - | - | 6 | 11 | (12)(iv), (v) agreement |
| Resort service expenses | - | - | 8 | 7 | (14) agreed basis |
| Sale of assets | - | - | 4 | 7 | At net book value |
| Dividend received | - | - | 34 | - | As declared |
| Transactions with associated companies | | | | | |
| Inter resort receipts | 2 | 3 | - | - | (1) agreed basis |
| Reimbursement receipts | 4 | - | - | - | (11) agreed basis |
| Reimbursement payments | 1 | 1 | - | - | (11) agreed basis |
| Rental and service expenses | 1 | 1 | - | - | (12)(i) agreement |
| Sale of goods | 3 | 2 | - | - | (9) agreed basis |
| Dividend received | - | 85 | - | - | As declared |
| Transactions with related companies | | | | | |
| Credit card commission receipts | 1 | 1 | - | - | (1) agreed basis |
| Inter resort payments | 79 | 100 | - | - | (1) agreed basis |
| Management fee income | 4 | 3 | 1 | 1 | (16), (17) agreement |
| Management fee expenses | 253 | 272 | - | - | (6), (15) agreement |
| Purchase of spa and gallery vouchers | 7 | 9 | 2 | 3 | (8), (19) agreed basis |
| Sale of gallery vouchers | 1 | 4 | - | - | (8) agreed basis |
| Sale of goods | 39 | 35 | - | - | (9) agreed basis |
| Reimbursement receipts | 91 | 63 | 3 | 3 | (11) agreed basis |
| Reimbursement payments | 43 | 59 | 8 | 3 | (11) agreed basis |
| Rental and service income | 34 | 36 | - | - | (12)(i), (ii), (iv), (vi), (vii) agreement |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | | Transfer pricing policy |
|--|-----------------------------------|------|-------------------------------|------|-------------------------|
| | 2014 | 2013 | 2014 | 2013 | |
| Transactions with related companies (con't) | | | | | |
| 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 | - | - | (19) agreed basis |
| Training charges | 9 | 9 | - | 1 | 10) agreed basis |
| Transactions with management and directors | | | | | |
| Interest income | - | 1 | - | 1 | (18) agreement |

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

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

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

- (2) Estate maintenance and service charges by Laguna Grande Limited in respect of providing services such as pool cleaning service, gardening service, etc. to residential projects in Laguna Phuket which are charged at market price.
- (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) The Company charges a management fee to its subsidiaries for providing centralised duties and services for each operation in the group. The monthly fixed rate is charged dependent on the department serviced, except the internal audit service is charged by the working hours and project management service is charged as Note (7) below.
- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. The loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1 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 34 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 pays 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 20 percent to 35 percent (2013: 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 up to 35 percent (2013: 20 percent to 30 percent) margin.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

- (10) Training charges by Banyan Tree Hotels & Resorts (Thailand) Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed.
- (12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in (12)(i).

- (i) Rental and service fee is on the basis of 5 percent to 10 percent of sales revenue which is dependent on criteria such as the location, budgeted sales, term of the lease, size of area leased and type of operation.

| Payer | Payee | 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 is at Baht 1,138 (2013 : 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 Banyan Tree Bangkok. The charges include rental and related service fees which are at market rate.
- (v) Rental of land and lagoon on which hotel and hotel - related operations are located at Baht 117,325 and Baht 11,733 (2013: 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 128,750 (2013: 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 41.98 (2013: 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

- (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, transportation charges : based on actual cost
 - Staff buses : at the price based on cost plus a certain margin
 - Marketing fee : at the rate of 0.75 percent (2013: 1 percent) of the operations' actual revenue
 - Community service : based on actual cost
- (15) This relates to architectural and interior design services which the fees are based on construction cost at progressive rates which depend on type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.
- (16) The Technical Assistance Agreement of Laguna Excursions Limited is providing management services and granting the use of leading brand for the recreation department of Banyan Tree Bintan and Angsana Bintan hotels. The technical service fees include a technical services fee at rate of 12.5 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.
- (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) 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 fund plus 0.5 percent per annum.
- (19) This relates to sale of spa and gallery vouchers by companies which operate Banyan Tree Spas and Banyan Tree Gallery to related companies for using as a marketing tool. The Spa vouchers are priced at a 20 percent to 60 percent (2013: 20 percent to 40 percent) discount to the Spa price list. The Gallery vouchers are priced at 20 percent to 40 percent discount to the face value of the voucher.

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)

| | 2014 | 2013 |
|--|------|------|
| Overdrafts and bank guarantee facilities | 106 | 106 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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)

| | 2014 | 2013 |
|--|------|------|
| Short-term loan facilities | 170 | 170 |
| Overdrafts and bank guarantee facilities | 10 | 10 |

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------|-------------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| Amounts due from related parties | | | | |
| Subsidiaries | - | - | 149,739 | 153,156 |
| Associated companies | 5,020 | 594 | - | - |
| Related companies (related by common shareholders) | 53,069 | 53,310 | 1,298 | 2,315 |
| Total amounts due from related parties (Note 8) | 58,089 | 53,904 | 151,037 | 155,471 |
| Amounts due to related parties | | | | |
| Subsidiaries | - | - | 7,940 | 8,546 |
| Associated companies | - | 70 | - | - |
| Related companies (related by common shareholders) | 72,542 | 65,444 | 8 | 1,542 |
| Total amounts due to related parties (Note 21) | 72,542 | 65,514 | 7,948 | 10,088 |

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

As at 31 December 2014 and 2013, 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 | | | |
|-----------------------------|-------------------------------|-----------|-------------|------------------|
| | 1 January 2014 | Addition | Repayment | 31 December 2014 |
| Laguna Banyan Tree Limited | 1,107,600 | 551,300 | (525,800) | 1,133,100 |
| Laguna Holiday Club Limited | 12,380 | 27,620 | (40,000) | - |
| Laguna Lakes Limited | 438,001 | 25,500 | (33,000) | 430,501 |
| TWR-Holdings Limited | 390,020 | 1,368,000 | (1,064,600) | 693,420 |
| Total | 1,948,001 | 1,972,420 | (1,663,400) | 2,257,021 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Long-term loans to employees

(Unit: Thousand Baht)

| Employees of the companies | Consolidated financial statements | | |
|--|-----------------------------------|-----------|------------------|
| | 1 January 2014 | Repayment | 31 December 2014 |
| Laguna Resorts & Hotels Public Company Limited | 23 | (23) | - |
| Banyan Tree Gallery (Thailand) Limited | 41 | (41) | - |
| Thai Wah Plaza Limited | 119 | (119) | - |
| Total | 183 | (183) | - |

(Unit: Thousand Baht)

| Employees of the companies | Separate financial statements | | |
|--|-------------------------------|-----------|------------------|
| | 1 January 2014 | Repayment | 31 December 2014 |
| Laguna Resorts & Hotels Public Company Limited | 23 | (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 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 | | | |
|-----------------------------|-------------------------------|----------|-----------|------------------|
| | 1 January 2014 | Addition | Repayment | 31 December 2014 |
| Laguna Grande Limited | 670,950 | 893,800 | (817,800) | 746,950 |
| Laguna Holiday Club Limited | - | 39,400 | (25,400) | 14,000 |
| Laguna (3) Limited | 2,900 | 2,000 | - | 4,900 |
| Total | 673,850 | 935,200 | (843,200) | 765,850 |

Directors and management's benefits

During the years ended 31 December 2014 and 2013, 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 | |
|-----------------------------------|-----------------------------------|--------|-------------------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Short-term employee benefits | 85,237 | 98,581 | 38,824 | 63,072 |
| Post-employment benefits | 532 | 647 | 265 | 504 |
| Other long-term employee benefits | 38 | 31 | 16 | 19 |
| Total | 85,807 | 99,259 | 39,105 | 63,595 |

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35 b).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

10. Inventories

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|-----------------------------|-----------------------------------|---------|-------------------------------------|---------|-----------------|---------|
| | Cost | | Reduce cost to net realisable value | | Inventories-net | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Food and beverage | 25,110 | 21,665 | - | - | 25,110 | 21,665 |
| Finished goods and supplies | 82,835 | 103,311 | (166) | (1,844) | 82,669 | 101,467 |
| Total | 107,945 | 124,976 | (166) | (1,844) | 107,779 | 123,132 |

11. Property development cost

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-----------|-------------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| Property for sale under holiday club memberships | 433,640 | 434,198 | - | - |
| Completed buildings | 564,535 | 718,808 | 72,371 | 123,225 |
| Land | 1,858,078 | 1,871,750 | 112,101 | 113,034 |
| Leasehold land | 44,041 | 44,041 | - | - |
| Property under construction | 988,415 | 346,017 | 8,795 | 8,795 |
| Total | 3,888,709 | 3,414,814 | 193,267 | 245,054 |

Subsidiaries have mortgaged property development cost amounting to Baht 878 million (2013: Baht 616 million) as collateral against its credit facilities received from financial institutions.

12. Other current assets

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------|-------------------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Value added tax | 42,279 | 49,861 | 4,586 | 10,818 |
| Prepaid expenses and withholding tax deducted at source | 65,454 | 71,970 | 7,102 | 7,594 |
| Advances to suppliers and staffs | 39,179 | 62,913 | 614 | 3,501 |
| Income tax and VAT refundable | 32,006 | 20,028 | 11,236 | 5,012 |
| Total | 178,918 | 204,772 | 23,538 | 26,925 |

13. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

13.1 Installments receivable from property sales which bear interest at a rate of 5.0 percent - 12.0 percent, MLR plus 0.5 percent and the group's cost of funds plus 0.5 percent per annum and installments are repaid over a period of 3 to 10 years.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|----------------|
| | 2014 | 2013 |
| Current portion of long-term trade accounts receivable | 106,284 | 110,954 |
| Long-term trade accounts receivable | 165,044 | 144,443 |
| Total | 271,328 | 255,397 |
| Sales of property | | |
| Within 1 year (Note 8) | 84,262 | 81,670 |
| Over 1 year to 5 years | 158,152 | 136,019 |
| Over 5 years | 1,551 | - |
| Long-term trade accounts receivable - sales of property | 243,965 | 217,689 |
| Sales of holiday club memberships | | |
| Within 1 year (Note 8) | 22,022 | 29,284 |
| Over 1 year to 5 years | 5,341 | 8,424 |
| Long-term trade accounts receivable - sales of holiday club memberships | 27,363 | 37,708 |
| Total | 271,328 | 255,397 |

(Unit: Thousand Baht)

| | Separate financial statements | |
|---|-------------------------------|---------------|
| | 2014 | 2013 |
| Current portion of long-term trade accounts receivable | 4,857 | 3,246 |
| Long-term trade accounts receivable | - | 14,063 |
| Total | 4,857 | 17,309 |
| Sales of property | | |
| Within 1 year (Note 8) | 4,857 | 3,246 |
| Over 1 year to 5 years | - | 14,063 |
| Long-term trade accounts receivable - sales of property | 4,857 | 17,309 |

14. Investments in subsidiaries

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

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | | Dividend received during the year 31 December | |
|---|------------------|------------------|-------------------------|-------|--------------|--------------|---|--------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | Million Baht | Million Baht | % | % | Million Baht | Million Baht | Million Baht | Million Baht |
| Subsidiaries held by the Company | | | | | | | | |
| Banyan Tree Gallery (Singapore) Pte Ltd. | SGD 0.43 Million | SGD 0.43 Million | 51.0 | 51.0 | 4.0 | 4.0 | - | - |
| Banyan Tree Gallery (Thailand) Limited | 7.8 | 7.8 | 51.0 | 51.0 | 4.0 | 4.0 | - | - |
| Laguna Banyan Tree Limited ⁽¹⁾ | 500.0 | 500.0 | 100.0 | 100.0 | 835.1 | 835.1 | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

| Company's name | Paid-up capital | | Shareholding percentage | | Cost | | Dividend received during the year 31 December | |
|--|------------------|------------------|-------------------------|-------|----------------|----------------|---|--------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | Million Baht | Million Baht | % | % | Million Baht | Million Baht | Million Baht | Million Baht |
| Subsidiaries held by the Company (con't) | | | | | | | | |
| Laguna Holiday Club Limited | 330.0 | 330.0 | 100.0 | 100.0 | 330.0 | 330.0 | 16.5 | - |
| Laguna Grande Limited | 1,000.0 | 1,000.0 | 100.0 | 100.0 | 984.8 | 984.8 | 17.6 | - |
| Laguna Lakes Limited | 1.0 | 1.0 | 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 Smart 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 | - | - | - | - |
| 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 | - | - | - | - |
| Subsidiary held through Laguna Holiday Club Limited | | | | | | | | |
| Cheer Golden Limited | - | - | 100.0 | 100.0 | - | - | - | - |
| Total investments in subsidiaries | | | | | 3,479.0 | 3,479.0 | 34.1 | - |

⁽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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|----------------------------|-----------------------------------|----------------|
| | 2014 | 2013 |
| Thai Wah Plaza Limited | 56,976 | 56,976 |
| Laguna Banyan Tree Limited | 350,928 | 350,928 |
| Total | 407,904 | 407,904 |

15. Investments in associates

15.1 Details of associates:

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Consolidated financial statements | | | | | |
|--|---|--------------------------------|-----------------------------------|-----------|----------------|----------------|---|----------------|
| | | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 2014 % | 2013 % | 2014 | 2013 | 2014 | 2013 |
| Lijiang Banyan Tree Hotel Company Limited | Hotel operations and property development | The People's Republic of China | 49 | 49 | 348,414 | 348,414 | 409,465 | 456,568 |
| Tropical Resorts Limited | 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 | 409,465 | 456,568 |

Lijiang Banyan Tree Hotel Company Limited 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 Limited held by Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holding.

15.2 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)

| | Consolidated financial statements | |
|---|---|----------|
| | Share of loss from investment in associate during the years | |
| | 2014 | 2013 |
| Lijiang Banyan Tree Hotel Company Limited | (36,189) | (21,066) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

15.3 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 31 December | | Loss for the years ended 31 December | |
|---|-----------------------|------------------|--------------------|-------|-------------------------|-------|---|------|--------------------------------------|-------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Lijiang Banyan Tree Hotel Company Limited | USD 18.4 million | USD 18.4 million | 1,942 | 1,967 | 1,115 | 1,044 | 382 | 413 | (73) | (42) |
| Tropical Resorts Limited | USD 21.0 million | USD 21.0 million | 1,718 | 1,789 | 2,271 | 2,061 | 494 | 460 | (194) | (305) |

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

15.4 The subsidiaries recognised its share of losses from the investments in Tropical Resorts Limited 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.

16. Other long-term investments

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Investment in available-for-sale security | | | | |
| Thai Wah Starch Public Company Limited | 334,627 | 334,627 | 31,161 | 31,161 |
| Less: Allowance for impairment of investment | - | (89,339) | - | - |
| | 334,627 | 245,288 | 31,161 | 31,161 |
| Unrealised gain on available-for-sale security | 67,798 | - | 371,264 | 214,127 |
| Total investment in available-for-sale security - net | 402,425 | 245,288 | 402,425 | 245,288 |
| Investments in other companies | | | | |
| Bibace Investments Ltd. | 188,425 | 188,425 | - | - |
| Banyan Tree Indochina Hospitality Fund, L.P. | 417,940 | 417,939 | - | - |
| Total investments in other companies | 606,365 | 606,364 | - | - |
| Total other long-term investments - net | 1,008,790 | 851,652 | 402,425 | 245,288 |

During the year 2014, the Company has reversed allowance for impairment of investment in Thai Wah Starch Public Company Limited in consolidated financial statements amounting to Baht 89 million (2013: Baht 245 million). (Separate financial statements: Nil, 2013: Baht 31 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

17. Investment properties

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|--|---------------------------------------|---|-----------|---------------------------------------|---|-----------|
| | 2014 | | | 2013 | | |
| | 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 | 358,075 | 742,560 | 1,100,635 | 354,300 | 722,244 | 1,076,544 |
| Addition | 74 | 7,445 | 7,519 | - | - | - |
| Net gain (loss) from a fair value adjustment | 18,747 | (14,625) | 4,122 | 3,775 | 20,316 | 24,091 |
| Balance at end of year | 376,896 | 735,380 | 1,112,276 | 358,075 | 742,560 | 1,100,635 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|--|---------------------------------------|---|---------|---------------------------------------|---|---------|
| | 2014 | | | 2013 | | |
| | 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 | 135,138 | 33,860 | 168,998 | 138,671 | 31,244 | 169,915 |
| Addition | 74 | - | 74 | - | - | - |
| Net gain (loss) from a fair value adjustment | 6,533 | 5,620 | 12,153 | (3,533) | 2,616 | (917) |
| Balance at end of year | 141,745 | 39,480 | 181,225 | 135,138 | 33,860 | 168,998 |

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

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

Key assumptions used in the valuation include yield rate, long-term vacancy rate and long-term growth in real rental rates.

As at 31 December 2014, the subsidiaries have pledged investment properties amounting to approximately Baht 696 million (2013: Baht 709 million) as collateral against credit facilities received from financial institutions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

18. Property, plant and equipment Consolidated financial statements

Assets carried at cost

(Unit: Thousand Baht)

| At cost | 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 |
|---|---------------------------|--------------------------|-------------|-------------------------|------------------------|--------------------------------|---------------|----------------|--------------------------|-------------|
| As at 1 January 2013 | 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 |
| Additions | - | 21,136 | - | 35,637 | 23,730 | 48,825 | - | 6,495 | 174,886 | 310,709 |
| Disposals and write off | - | (22) | - | (5,054) | (18,818) | (7,456) | - | (3,315) | - | (34,665) |
| Transfers in/out | - | 9,154 | - | 38,040 | 286 | 1,567 | - | 771 | (49,818) | - |
| Transfer from property development cost | - | 28,981 | - | - | 897 | - | - | - | - | 29,878 |
| Adjustments | - | (864) | - | - | (1,280) | (199) | - | (44) | (7,445) | (9,832) |
| As at 31 December 2014 | 1,471,012 | 4,546,766 | 298,236 | 1,480,177 | 954,553 | 397,367 | 55,180 | 176,804 | 206,315 | 9,586,410 |
| Accumulated depreciation | | | | | | | | | | |
| As at 1 January 2013 | (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) |
| Depreciation charged for the year | - | (111,200) | (2,754) | (70,237) | (54,320) | (39,156) | (8,157) | (10,153) | - | (295,977) |
| Disposals and write-off | - | - | - | 4,976 | 17,918 | 7,390 | - | 3,111 | - | 33,395 |
| Adjustments | - | 63 | - | - | 574 | (102) | - | 53 | - | 588 |
| As at 31 December 2014 | (571) | (1,283,868) | (290,722) | (937,094) | (831,473) | (278,770) | (31,279) | (147,307) | - | (3,801,084) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand Baht)

| | Land and land improvement | Building and improvement | Golf course | Machinery and equipment | Furniture and fixtures | Operating and office equipment | External work | Motor vehicles | Construction in progress | Total |
|--------------------------------------|---------------------------|--------------------------|-------------|-------------------------|------------------------|--------------------------------|---------------|----------------|--------------------------|-----------|
| Allowance for impairment loss | | | | | | | | | | |
| As at 1 January 2013 | - | (12,309) | - | (102) | - | - | (5,193) | - | - | (17,604) |
| Reversal | - | 53 | - | - | - | - | - | - | - | 53 |
| As at 31 December 2013 | - | (12,256) | - | (102) | - | - | (5,193) | - | - | (17,551) |
| Adjustments | - | 935 | - | 102 | - | - | 3,895 | - | - | 4,932 |
| As at 31 December 2014 | - | (11,321) | - | - | - | - | (1,298) | - | - | (12,619) |
| Net book value - At cost | | | | | | | | | | |
| As at 1 January 2013 | 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 |
| As at 31 December 2014 | 1,470,441 | 3,251,577 | 7,514 | 543,083 | 123,080 | 118,597 | 22,603 | 29,497 | 206,315 | 5,772,707 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2013 | 6,834,963 | 276,789 | - | - | - | - | - | - | - | 7,111,752 |
| Transfer to property development cos | (1,105,100) | - | - | - | - | - | - | - | - | (1,105,100) |
| Transfer to investment properties | - | - | - | - | - | - | - | - | - | - |
| 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 |
| As at 31 December 2014 | 4,431,383 | 58,228 | - | - | - | - | - | - | - | 4,489,611 |
| Accumulated depreciation | | | | | | | | | | |
| As at 1 January 2013 | - | (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) |
| Depreciation of revaluation surplus on assets | - | (1,216) | - | - | - | - | - | - | - | (1,216) |
| As at 31 December 2014 | - | (17,430) | - | - | - | - | - | - | - | (17,430) |
| Net book value - revaluation portion | | | | | | | | | | |
| As at 1 January 2013 | 6,834,963 | 198,861 | - | - | - | - | - | - | - | 7,033,824 |
| As at 31 December 2013 | 4,431,383 | 42,014 | - | - | - | - | - | - | - | 4,473,397 |
| As at 31 December 2014 | 4,431,383 | 40,798 | - | - | - | - | - | - | - | 4,472,181 |
| Property, plant and equipment - net | | | | | | | | | | |
| As at 1 January 2013 | 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 |
| As at 31 December 2014 | 5,901,824 | 3,292,375 | 7,514 | 543,083 | 123,080 | 118,597 | 22,603 | 29,497 | 206,315 | 10,244,888 |
| Depreciation for the year | | | | | | | | | | |
| 2013 | | | | | | | | | | 286,246 |
| 2014 | | | | | | | | | | 292,261 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Separate financial statements Assets carried at cost

(Unit: Thousand Baht)

| | Land and land improvement | Building | Machinery and equipment | Furniture and fixtures | Operating and office equipment | External work | Motor vehicles | Construction in process | Total |
|---------------------------------------|---------------------------|----------|-------------------------|------------------------|--------------------------------|---------------|----------------|-------------------------|----------|
| At cost | | | | | | | | | |
| As at 1 January 2013 | 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) | (41,141) |
| 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 |
| Additions | - | 188 | 202 | 268 | 1,566 | - | - | 5,657 | 7,881 |
| Disposal and write off | - | - | (8,005) | (469) | (650) | - | - | - | (9,124) |
| Transfer in/out | - | - | 12,453 | - | - | - | - | (12,453) | - |
| As at 31 December 2014 | 189 | 56,790 | 15,565 | 11,663 | 22,902 | 1,369 | 7,640 | - | 116,118 |
| Accumulated depreciation | | | | | | | | | |
| As at 1 January 2013 | - | (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) |
| Depreciation charged for the year | - | (1,743) | (1,096) | (390) | (1,136) | (83) | (67) | - | (4,515) |
| Disposal and write off | - | - | 3,638 | 443 | 649 | - | - | - | 4,730 |
| As at 31 December 2014 | - | (27,782) | (2,231) | (10,600) | (20,629) | (1,261) | (7,424) | - | (69,927) |
| Allowance for impairment loss | | | | | | | | | |
| As at 1 January 2013 | - | (7,356) | - | - | - | - | - | - | (7,356) |
| Reversal | - | 7,356 | - | - | - | - | - | - | 7,356 |
| As at 31 December 2013 | - | - | - | - | - | - | - | - | - |
| As at 31 December 2014 | - | - | - | - | - | - | - | - | - |
| Net book value - At cost | | | | | | | | | |
| As at 1 January 2013 | 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 |
| As at 31 December 2014 | 189 | 29,008 | 13,334 | 1,063 | 2,273 | 108 | 216 | - | 46,191 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand Baht)

| | Land and land improvement | Building | Machinery and equipment | Furniture and fixtures | Operating and office equipment | External work | Motor vehicles | Construction in process | Total |
|---|---------------------------|----------|-------------------------|------------------------|--------------------------------|---------------|----------------|-------------------------|-----------|
| Revaluation portion | | | | | | | | | |
| As at 1 January 2013 | 114,466 | - | - | - | - | - | - | - | 114,466 |
| Additions | (12,822) | 3,657 | - | - | - | - | - | - | (9,165) |
| Transfer to investment properties | (100,058) | - | - | - | - | - | - | - | (100,058) |
| As at 31 December 2013 | 1,586 | 3,657 | - | - | - | - | - | - | 5,243 |
| As at 31 December 2014 | 1,586 | 3,657 | - | - | - | - | - | - | 5,243 |
| Accumulated depreciation | | | | | | | | | |
| As at 1 January 2013 | - | - | - | - | - | - | - | - | - |
| Depreciation of revaluation surplus on assets | - | (1,584) | - | - | - | - | - | - | (1,584) |
| As at 31 December 2013 | - | (1,584) | - | - | - | - | - | - | (1,584) |
| Depreciation of revaluation surplus on assets | - | (54) | - | - | - | - | - | - | (54) |
| As at 31 December 2014 | - | (1,638) | - | - | - | - | - | - | (1,638) |
| Net book value - revaluation portion | | | | | | | | | |
| As at 1 January 2013 | 114,466 | - | - | - | - | - | - | - | 114,466 |
| As at 31 December 2013 | 1,586 | 2,073 | - | - | - | - | - | - | 3,659 |
| As at 31 December 2014 | 1,586 | 2,019 | - | - | - | - | - | - | 3,605 |
| Property, plant and equipment - net | | | | | | | | | |
| As at 1 January 2013 | 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 |
| As at 31 December 2014 | 1,775 | 31,027 | 13,334 | 1,063 | 2,273 | 108 | 216 | - | 49,796 |
| Depreciation for the year | | | | | | | | | |
| 2013 | | | | | | | | | 5,779 |
| 2014 | | | | | | | | | 4,569 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014, 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 1,818 million (2013: Baht 1,678 million). (Separate financial statements: Baht 20 million, 2013: Baht 17 million).

The subsidiaries have mortgaged land and buildings at fair value of Baht 5,570 million (2013: Baht 6,725 million) as collateral against credit facilities received from financial institutions.

19. Leasehold rights

(Unit: Thousand Baht)

| | Hotel Units |
|---------------------------------|-------------|
| Cost | |
| As at 1 January 2014 | 49,930 |
| Exchange rate adjustment 2014 | (806) |
| As at 31 December 2014 | 49,124 |
| Accumulated amortisation | |
| As at 1 January 2014 | (27,017) |
| Amortisation of 2014 | (2,658) |
| As at 31 December 2014 | (29,675) |
| Net book value | |
| As at 1 January 2014 | 22,913 |
| As at 31 December 2014 | 19,449 |
| Cost | |
| As at 1 January 2013 | 49,225 |
| Exchange rate adjustment 2013 | 705 |
| As at 31 December 2013 | 49,930 |
| Accumulated amortisation | |
| As at 1 January 2013 | (24,459) |
| Amortisation of 2013 | (2,558) |
| As at 31 December 2013 | (27,017) |
| Net book value | |
| As at 1 January 2013 | 24,766 |
| As at 31 December 2013 | 22,913 |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

20. Short-term loans from financial institutions

(Unit: Thousand Baht)

| | Interest rate (percent per annum) | Consolidated financial statements | | Separate financial statements | |
|--|---|-----------------------------------|---------|-------------------------------|---------|
| | | 2014 | 2013 | 2014 | 2013 |
| Short-term loans from financial institutions | 3.60 - 4.10 | 710,000 | 170,000 | 360,000 | 150,000 |
| Total | | 710,000 | 170,000 | 360,000 | 150,000 |

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

21. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------|-------------------------------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| Trade accounts payable | 291,738 | 171,435 | 2,014 | 1,536 |
| Amounts due to related parties (Note 9) | 72,542 | 65,514 | 7,948 | 10,088 |
| Accrued expenses | 155,125 | 211,694 | 5,938 | 25,639 |
| Other payables | 78,270 | 40,279 | 637 | 5,064 |
| Construction payables | - | 23,632 | - | - |
| Service charge payable to hotel staff | 31,718 | 31,243 | - | - |
| Accrued rental to villa owners | 58,180 | 64,777 | 8,389 | 8,897 |
| Total | 687,573 | 608,574 | 24,926 | 51,224 |

22. Other current liabilities

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|-----------------------------------|---------|-------------------------------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| Value added tax payable | 49,383 | 52,161 | 4,042 | 3,915 |
| Unearned income | 47,194 | 48,133 | - | - |
| Other tax payable | 17,120 | 12,807 | 2,244 | 754 |
| Short-term provision | 8,363 | 6,037 | 3,673 | 2,819 |
| Total | 122,060 | 119,138 | 9,959 | 7,488 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

23. Long-term loans from financial institutions

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-----------|-------------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| Secured | 2,477,326 | 2,970,326 | 105,000 | 175,000 |
| Long-term loans are repayable as follows: | | | | |
| Within 1 year | 657,750 | 457,000 | 70,000 | 70,000 |
| Over 1 year to 5 years | 1,579,576 | 2,103,526 | 35,000 | 105,000 |
| Over 5 years | 240,00 | 409,800 | - | - |
| | 1,819,576 | 2,513,326 | 35,000 | 105,000 |
| Total | 2,477,326 | 2,970,326 | 105,000 | 175,000 |

Long-term loans consist of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------|-------------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| 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 and 1.5 percent per annum | 105,000 | 175,000 | 105,000 | 175,000 |
| Subsidiaries | | | | |
| (2) 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 | - | - |
| (3) 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 | 853,550 | 863,300 | - | - |
| (4) 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 | 131,500 | 134,500 | - | - |
| (5) 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 | 191,187 | 364,687 | - | - |
| (6) 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 | 232,479 | 261,729 | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------------|-------------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Subsidiaries (con't) | | | | |
| (7) 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 | 323,610 | 421,110 | - | - |
| (8) 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 | 640,000 | 720,000 | - | - |
| Total long-term loans from financial institutions | 2,477,326 | 2,970,326 | 105,000 | 175,000 |

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 buildings of its subsidiaries, as described in Note 11, 17 and Note 18. The loan in (7) above is guaranteed by a subsidiary.

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

As at 31 December 2013, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 99 million (2014: Nil).

24. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|--|-----------------------------------|----------------------|---------------|--------------------|----------------------|---------------|
| | 2014 | | | 2013 | | |
| | Severance payments | Other benefits plans | Total | Severance payments | Other benefits plans | Total |
| Defined benefit obligation at beginning of year | | | | | | |
| | 26,570 | 27,831 | 54,401 | 25,477 | 27,985 | 53,462 |
| Current service cost | 2,671 | 2,880 | 5,551 | 3,303 | 3,923 | 7,226 |
| Interest cost | 1,065 | 985 | 2,050 | 914 | 995 | 1,909 |
| Benefits paid during the year | (5,601) | (3,779) | (9,380) | (16,516) | (11,523) | (28,039) |
| Actuarial loss | - | - | - | 13,392 | 6,451 | 19,843 |
| Defined benefit obligation at end of year | 24,705 | 27,917 | 52,622 | 26,570 | 27,831 | 54,401 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|--|-------------------------------|----------------------|---------------|--------------------|----------------------|---------------|
| | 2014 | | | 2013 | | |
| | Severance payments | Other benefits plans | Total | Severance payments | Other benefits plans | Total |
| Defined benefit obligation at beginning of year | 8,349 | 3,320 | 11,669 | 6,192 | 3,692 | 9,884 |
| Current service cost | 397 | 179 | 576 | 740 | 908 | 1,648 |
| Interest cost | 266 | 108 | 374 | 222 | 132 | 354 |
| Benefits paid during the year | (93) | (175) | (268) | (3,019) | (1,604) | (4,623) |
| Actuarial loss | - | - | - | 4,214 | 192 | 4,406 |
| Transfer | (1,831) | (498) | (2,329) | - | - | - |
| Defined benefit obligation at end of year | 7,088 | 2,934 | 10,022 | 8,349 | 3,320 | 11,669 |

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| Current service cost | 5,551 | 7,226 | 576 | 1,648 |
| Interest cost | 2,050 | 1,909 | 374 | 354 |
| Actuarial loss recognised during the year | - | 6,451 | - | 192 |
| Total expenses recognised in profit or loss | 7,601 | 15,586 | 950 | 2,194 |
| Line items in profit or loss under which such expenses are included | | | | |
| Cost of sales | 6,333 | 13,570 | 32 | 98 |
| Selling and administrative expenses | 1,268 | 2,016 | 918 | 2,096 |

As at 31 December 2014, cumulative actuarial gains (net of actuarial losses), which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 27 million (2013: Baht 27 million) (Separate financial statements: Baht 6 million and 2013: Baht 6 million).

Key actuarial assumptions used for valuation are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-----------------------|-------------------------------|-----------------------|
| | 2014 (% per annum) | 2013 (% per annum) | 2014 (% per annum) | 2013 (% per annum) |
| Discount rate | 4.25 | 4.25 | 4.25 | 4.25 |
| 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 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

The amount of defined benefit obligations and experience adjustments for the current year and the past four years 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 2014 | 52,622 | 10,022 | - | - |
| 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 | - | - |

25. 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.

26. Revaluation surplus

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-------------|-------------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| Balance - beginning of year | 3,935,218 | 5,096,121 | 136,986 | 145,585 |
| Reversal of revaluation surplus on assets | - | (1,160,903) | - | (8,599) |
| Balance - end of year | 3,935,218 | 3,935,218 | 136,986 | 136,986 |

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

27. 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.

28. Other income

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------|-------------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| Interest income | 20,217 | 25,241 | 138,506 | 133,790 |
| Dividend income | 25,551 | 12,775 | 59,605 | 12,775 |
| Gain on change in fair value of investment properties | 4,122 | 24,091 | 12,153 | - |
| Management fee income | - | - | 28,110 | 88,915 |
| Other | 20,971 | 28,911 | 6,746 | 2,282 |
| Total | 70,861 | 91,018 | 245,120 | 237,762 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

29. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|-------------|-------------------------------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| Salaries, wages and other employee benefits | 997,186 | 1,258,269 | 107,715 | 182,935 |
| Depreciation | 292,261 | 286,246 | 4,569 | 5,779 |
| Rental expenses from operating lease agreements | 239,153 | 238,505 | 37,540 | 37,407 |
| Repairs and maintenance | 163,063 | 161,736 | 1,920 | 2,718 |
| Water and electricity | 211,384 | 219,516 | 5,905 | 6,753 |
| Legal and professional fees | 5,378 | 29,528 | 2,206 | 3,125 |
| Management, incentive fee and royalty fees | 147,710 | 167,139 | - | - |
| Commission | 142,696 | 131,339 | - | - |
| Sales and marketing expenses | 212,161 | 214,966 | 5,240 | 13,127 |
| Food and beverage cost | 295,000 | 335,792 | - | - |
| Increase in land and construction during the year | 898,484 | 1,364,731 | 908 | 111,901 |
| Change in property development cost | (473,895) | (1,027,304) | 51,787 | 288 |

30. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Current income tax: | | | | |
| Current income tax charge | 40,563 | 37,534 | - | - |
| Adjustment in respect of income tax of previous year | 316 | (674) | - | - |
| Write off prepaid withholding tax | - | 24,902 | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (32,248) | 23,617 | 12,058 | 34,283 |
| Income tax expense reported in the income statement | 8,631 | 85,379 | 12,058 | 34,283 |

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------|-------------------------------|----------|
| | 2014 | 2013 | 2014 | 2013 |
| Deferred tax relating to actuarial loss of post-employment benefits | - | 2,679 | - | 843 |
| Deferred tax relating to unrealised gain on available-for-sale security | (13,560) | - | (31,427) | (42,825) |
| Deferred tax relating to addition of revaluation surplus on assets | - | 290,226 | - | 2,150 |
| | (13,560) | 292,905 | (31,427) | (39,832) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Accounting profit before income tax | 29,854 | 202,017 | 99,572 | 119,280 |
| Applicable tax rate | 0%-25% | 0%-25% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 5,861 | 38,335 | 19,914 | 23,856 |
| Adjustment in respect of income tax of previous year | 317 | (674) | - | - |
| Effects of changes in the tax rates | - | - | - | - |
| Write off prepaid withholding tax | - | 24,902 | - | - |
| Effects of: | | | | |
| Reversal of loss on impairment of investment | (17,867) | (49,058) | - | (6,232) |
| Dividend income | (5,110) | (2,555) | (11,921) | (2,555) |
| Differences arising from revenue recognition | - | 10,849 | - | 10,849 |
| Unused tax losses | 14,367 | 33,940 | - | - |
| Non-taxable expenses | 11,063 | 27,847 | 4,065 | 7,181 |
| Other | - | 1,793 | - | 1,184 |
| Total | 2,453 | 22,816 | (7,856) | 10,427 |
| Income tax expense reported in the statement of comprehensive income | 8,631 | 85,379 | 12,058 | 34,283 |

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

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|--------------------|
| | Statements of financial position | |
| | 2014 | 2013 |
| Deferred tax assets (liabilities) | | |
| Unutilised tax losses | 189,581 | 161,753 |
| Provision for long-term employee benefits | 10,524 | 10,880 |
| Temporary differences arising from revenue recognition | - | (1,245) |
| Intercompany charges to property development cost and property, plant and equipment | 23,470 | 34,885 |
| Other items of deferred tax assets | 11,986 | 8,685 |
| Revaluation surplus on assets | (1,373,859) | (1,374,124) |
| Temporary differences arising from revenue recognition | (653,515) | (675,752) |
| Gain on change in fair value of investment properties | (156,788) | (154,950) |
| Unrealised gain on available-for-sales security | (13,560) | - |
| Other items of deferred tax liabilities | (33,895) | (26,371) |
| Net deferred tax liabilities | (1,996,056) | (2,016,239) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit: Thousand Baht)

| | Consolidated financial statements | |
|---|-----------------------------------|--------------------|
| | Statements of financial position | |
| | 2014 | 2013 |
| Reflected in the statements of financial position as follows: | | |
| Deferred tax assets | 95,534 | 81,589 |
| Deferred tax liabilities | (2,091,590) | (2,097,828) |
| Deferred tax liabilities, net | (1,996,056) | (2,016,239) |

(Unit: Thousand Baht)

| | Separate financial statements | |
|--|----------------------------------|------------------|
| | Statements of financial position | |
| | 2014 | 2013 |
| Deferred tax assets (liabilities) | | |
| Unutilised tax losses | 15,869 | 24,236 |
| Provision for long-term employee benefits | 2,004 | 2,334 |
| Other items of deferred tax assets | 935 | 764 |
| Revaluation surplus on assets | (20,732) | (20,743) |
| Temporary differences arising from revenue recognition | (95,545) | (94,622) |
| Gain on change in fair value of investment properties | (25,124) | (22,505) |
| Unrealised gain on available-for-sales security | (74,253) | (42,825) |
| Net deferred tax liabilities | (196,846) | (153,361) |

As at 31 December 2014, the subsidiaries have unused tax losses totaling Baht 72 million (2013: Baht 70 million). No deferred tax assets have been recognised on these amounts as the Company believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

31. Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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 year ended 31 December | | | |
|--|-----------------------------------|---------|-------------------------------|---------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2014 | 2013 | 2014 | 2013 |
| Profit attributable to equity holders of the Company (Thousand Baht) | 18,140 | 111,789 | 87,514 | 84,998 |
| Weighted average number of ordinary shares (Thousand shares) | 166,683 | 166,683 | 166,683 | 166,683 |
| Earnings per share (Baht/share) | 0.11 | 0.67 | 0.53 | 0.51 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

32. 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 | 2014 | 2013 |
| Laguna Resorts & Hotels Public Company Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 2.4 | 3.6 |
| Laguna Grande Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 1.1 | 1.1 |
| Bangtao Grande Limited | SCB Asset Management Company Limited | - | 3.7 | 3.3 |
| Laguna Banyan Tree Limited | MFC Asset Management Plc. | MFC Asset Management Plc. | 6.6 | 6.1 |
| Banyan Tree Gallery (Thailand) Limited | - | MFC Asset Management Plc. | 0.8 | 1.0 |
| Banyan Tree Gallery (Singapore) Pte Ltd. | - | Central Provident Fund Board | 0.6 | 1.1 |
| Laguna Service Company Limited | - | MFC Asset Management Plc. | 2.1 | 2.7 |
| Laguna Holiday Club Limited | - | MFC Asset Management Plc. | 0.9 | 1.2 |
| Thai Wah Plaza Limited | TISCO Assets Management Company Limited | MFC Asset Management Plc. | 4.0 | 3.9 |
| Laguna Village Limited | MFC Asset Management Plc. | - | 1.0 | 0.9 |
| Laguna Excursions Limited | - | MFC Asset Management Plc. | 0.5 | 0.6 |
| Phuket Resort Development Limited | - | MFC Asset Management Plc. | 0.5 | - |

33. Dividends

Dividends declared in 2014 and 2013 consisted of:

| | Approved by | Total dividend | Dividend per share |
|------------------------------------|---|----------------|--------------------|
| | | (Million Baht) | (Baht) |
| Dividend on 2013 retained earnings | Annual General Meeting of the shareholders on 22 April 2014 | 56.67 | 0.34 |
| Dividend on 2012 retained earnings | Annual General Meeting of the shareholders on 25 April 2013 | 20.84 | 0.125 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

34. Commitments

Capital commitment

As at 31 December 2014, 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 12 million (2013: Baht 2 million).
- (b) The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 911 million (2013: Baht 81 million).
- (c) A subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngan 39.6 square wah, with a third party. The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngan 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngan 36.2 square wah, by 1 July 2018. The subsidiary paid the deposit of Baht 65 million and the purchase price of the remaining land shall be increased at rate of 5 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 2014 and 2013, 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 Hotels & Resorts Pte. Ltd. | 1.7.2012 - 30.11.2031 | - Royalty fee: 3 percent of total revenue |
| | | Banyan Tree Hotels & Resorts (Thailand) Limited | 1.7.2012 - 30.11.2031 | - Management fee: 10 percent of gross operating profit |
| Laguna Banyan Tree Limited | Banyan Tree Phuket | Banyan Tree Hotels & Resorts Pte. Ltd. | 1.7.2012 - 31.12.2015 (a) | - Royalty fee: 2 percent of total revenue |
| | | Banyan Tree Hotels & Resorts (Thailand) Limited | 1.7.2012 - 31.12.2015 (a) | - Technical fee: 7.5 percent of gross operating profit |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

| Company | Business unit | Operator | Contract period | Fees |
|------------------------|---|---|-------------------------------|--|
| Thai Wah Plaza Limited | Banyan Tree Bangkok | Banyan Tree Hotels & Resorts Pte. Ltd. | 1.7.2012 - 31.12.2021 (b) | - Royalty fee: 3 percent of total revenue |
| | | 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 2014 and 2013, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|------|-------------------------------|------|
| | 2014 | 2013 | 2014 | 2013 |
| Payable within: | | | | |
| In up to 1 year | 97 | 112 | 5 | 22 |
| In over 1 and up to 5 years | 166 | 168 | 8 | 12 |
| In over 5 years | 8 | 15 | - | 2 |

During the year 2014, the Company and its subsidiaries recognised rental expenses of Baht 116 million (2013: Baht 136 million) (Separate financial statements: Baht 24 million and 2013: Baht 27 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 and 2013, the subsidiary has made capital contribution of USD 13 million and USD 13 million, respectively, to the Fund. However, as at 31 December 2014, the subsidiary has no any further investment commitment because the investment period is end.

Servitude over land

As at 31 December 2014, some subsidiaries have land servitudes of approximately 7 rai (2013: 6 rai) in Phuket province, which are presented under property development cost and property, plant and equipment.

35. Guarantees

- a) As at 31 December 2014, there were bank guarantees amounting to Baht 46 million (Separate financial statements: Baht 2 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (2013: Baht 47 million, Separate financial statements: Baht 3 million).
- b) As at 31 December 2014 and 2013, the Company has the provision of a guarantee for a loan obtained by Lijiang Banyan Tree Hotel Company Limited (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).

36. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2014 and 2013, respectively.

Intersegment revenues are eliminated on consolidation.

(Unit: Million Baht)

| | For the year ended 31 December 2014 | | | | |
|---|-------------------------------------|----------------------|---------------|-------------|-------|
| | Hotel Business | Property Development | Office Rental | Head Office | Total |
| Revenue: | | | | | |
| Segment revenue | | | | | |
| Total revenues | 3,223 | 823 | 113 | - | 4,159 |
| Intersegment revenues | (183) | (8) | (23) | - | (214) |
| Revenue from to external customers | 3,040 | 815 | 90 | - | 3,945 |
| Results: | | | | | |
| Segment results | 109 | 114 | 29 | (94) | 158 |
| Unallocated income | | | | | 50 |
| Profit from operations and other income | | | | | 208 |
| Interest income | 1 | 19 | - | - | 20 |
| Finance cost | (93) | (48) | - | (21) | (162) |
| Share of loss from investment in associate | (34) | (2) | - | - | (36) |
| Profit before income tax expenses | | | | | 30 |
| Income tax expenses | (16) | (8) | (5) | 20 | (9) |
| Profit for the year | | | | | 21 |
| Other segment information | | | | | |
| Depreciation of property, plant and equipment | 281 | 6 | 1 | 4 | 292 |
| Amortisation of leasehold rights | - | 3 | - | - | 3 |
| Reversal of loss on impairment of investment | - | - | - | 89 | 89 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(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 | 3,428 | 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 |
| 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 |

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

(Unit: Million Baht)

| | 2014 | 2013 |
|---|--------|--------|
| Revenue from external customers | | |
| Thailand | 3,866 | 4,176 |
| Others | 80 | 85 |
| Total | 3,946 | 4,261 |
| Non-current assets other than financial instruments and deferred tax assets | | |
| Thailand | 11,822 | 11,771 |
| Others | 31 | 37 |
| Total | 11,853 | 11,808 |

For the years 2014 and 2013, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

37. Financial instruments

37.1 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 23).

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

(Unit: Million Baht)

| Consolidated financial statements | | | | | | |
|---|----------------------|------------------------|------------------------|----------------------|-------|-----------------------------|
| As at 31 December 2014 | | | | | | |
| | 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) | - | - | 439 | - | 439 | 0.375 - 1.25 |
| Current investments | 10 | - | - | - | 10 | 1.40 |
| Trade and other receivables | 90 | - | 16 | 444 | 550 | 3-12 |
| Long-term fixed deposit | - | 2 | - | - | 2 | 3 |
| Long-term trade accounts receivable | - | 112 | 53 | - | 165 | 3 - 9 |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 688 | 688 | - |
| Short-term loans from financial institution | - | - | 710 | - | 710 | 3.60 - 4.10 |
| Long-term loans from financial institutions | - | - | 2,477 | - | 2,477 | 3.6 - 5.75 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(Unit: Million Baht)

| Separate financial statements | | | | | | |
|---|----------------------|------------------------|------------------------|----------------------|-------|-----------------------------|
| As at 31 December 2014 | | | | | | |
| | 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 | 0.375 |
| Trade and other receivables | 5 | - | - | 199 | 204 | 3 |
| Long-term fixed deposit | - | 2 | - | - | 2 | 3 |
| Long-term loans to subsidiaries | - | - | 2,257 | - | 2,257 | 6.35 |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | 25 | 25 | 3.55 |
| Long-term loans from subsidiaries | - | - | 766 | - | 766 | 2.60-5.99 |
| Short-term loans from financial institution | - | - | 360 | - | 360 | 3.60 - 4.10 |
| Long-term loans from financial institutions | - | - | 105 | - | 105 | 5.75 |

(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 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

(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 |

Foreign currency risk

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

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

| Foreign currency | Consolidated financial statements | | | | Separate financial statements | | | | Average exchange rate as at 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 | | 2014 | 2013 |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | | |
| | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| US Dollar | 4 | 4 | - | - | - | - | - | - | 32.9186 | 32.7644 |

37.2 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

38. 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 2014, the Group's debt-to-equity ratio was 0.64:1 (2013: 0.58:1) and the Company's was 0.28:1 (2013: 0.24:1).

39. 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.

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

On 27 June 2014, the Phuket Provincial Court has ordered the defendants (1) to transfer the nine plots of land totaling 10 rai 3 ngan 97.1 square wah to the plaintiffs (2) to pay Baht 5,890,956 for unlawful usage of the two plots of land with interest at the rate of 7.5 percent per annum from the following day after the claim was lodged until payment is made in full (3) to pay Baht 16,000.79 per day from the following day after the claim was lodged until the transfer of afore mentioned land has been completed, and (4) to pay a further Baht 500,000 as legal fees to the plaintiffs. On 23 January 2015, the subsidiaries lodged an appeal on the judgement at the Court of First Instance.

As at 31 December 2014, subsidiaries have set aside a provision of Baht 39 million for liabilities arising as a result of this case recording it as an administrative expense in the income statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

40. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2013 have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss) or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

| | For the year ended 31 December 2013 | | | |
|--------------------------|-------------------------------------|------------------------|-------------------------------|------------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | As reclassified | As previously reported | As reclassified | As previously reported |
| Income statements | | | | |
| Cost of hotel operations | 1,902,117 | 1,687,285 | Nil | Nil |
| Administrative expenses | 1,480,854 | 1,695,686 | Nil | Nil |

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2015.

AUDITOR'S REMUNERATION

FOR THE FISCAL YEAR ENDED 31 DECEMBER 2014

Audit fees

The Company and subsidiaries paid audit fees for the fiscal year to an audit firm which amounted to Baht 6,900,000 and subsidiaries paid audit fees to other audit firms which amounted to Baht 971,641. 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 50,255. There is no outstanding commitment to pay any fees in the future for uncompleted engagements relating to the year 2014.

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-None-

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- Siam Commercial Bank Public Company Limited, Thanon Sathon Branch
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- Kasikorn Bank Public Company Limited, Head Office
- Kasikorn Bank Public Company Limited, Silom Main Branch
- Bangkok Bank Public Company Limited, Head Office
- Bangkok Bank Public Company Limited, Silom Branch

Other Material Information

-None-

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LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED

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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 |
| TWT | Thai Wah Tower Company Limited |
| TWT2 | Thai Wah Tower (2) Company Limited |



 **Laguna**
RESORTS & HOTELS

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED