

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

Review Report of Independent Auditor

To The Shareholders of Laguna Resorts & Hotels Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Laguna Resorts & Hotels Public Company Limited and its subsidiaries as at 30 June 2007, the related consolidated statements of income for the three-month and six-month periods ended 30 June 2007, and the consolidated statements of changes in shareholders' equity, and cash flows for the six-month period ended 30 June 2007; and the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review. I did not review the interim financial statements of two subsidiaries, Laguna Beach Club Limited and Laguna (1) Limited, which are included in these consolidated financial statements. As at 30 June 2007, these subsidiaries had total assets of Baht 1,077 million and total revenues for the three-month and six-month periods ended 30 June 2007 of Baht 77 million and Baht 220 million, respectively. The financial statements of these subsidiaries were reviewed by another auditor whose reports have been furnished to me, and my review report insofar as it relates to the amounts included for those subsidiaries in the consolidated financial statements, is based solely on the reports of the other auditor.

I conducted my review in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review and the review reports of the other auditor, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries, and the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the year ended 31 December 2006 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, under my report dated 27 February 2007, and based on the report of the other auditor of aforesaid subsidiaries. The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report, except for the Company's restatement of the separate financial statements for the period of 2006 to reflect the change in accounting policy for recording investments in subsidiary and associated companies from the equity method to the cost method as described in Note 3 to the financial statements. In my opinion the adjustments made for the preparation of such statements are appropriate and have been properly applied.

The consolidated statements of income for the three-month and six-month periods ended 30 June 2006, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2006 of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same periods, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor of our firm who reported, under her report dated 10 August 2006 and the reports of the other auditor of subsidiaries, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles. On 1 January 2007, the Company has restated the separate financial statements for the period of 2006 to reflect the change in accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method as described in Note 3 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 10 August 2007

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Company's separate financial statements	
		30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
ASSETS					
Current assets					
Cash and cash equivalents		641,997	1,087,924	80,627	103,113
Trade accounts receivable - net	4	890,542	1,116,497	30,713	66,899
Amounts due from related companies	5	61,564	33,257	48,782	30,005
Inventories - net		157,495	158,314	17,531	19,363
Property development cost - net	6	783,361	593,414	136,987	29,640
Other current assets		383,534	421,284	169,284	162,077
Total current assets		2,918,493	3,410,690	483,924	411,097
Non-current assets					
Restricted deposit at financial institution		2,140	2,140	-	-
Long-term trade accounts receivable	7	95,439	45,169	-	-
Investments in subsidiaries	8	-	-	3,491,258	3,491,258
Investments in associated companies	9	205,930	-	-	-
Other long-term investments	10	210,399	210,399	13,674	13,674
Long-term loans to subsidiaries	5	-	-	1,395,000	1,137,000
Long-term loan to associated company	5	269,427	-	-	-
Property, plant and equipment - net	11	9,840,449	10,477,003	812,449	824,008
Land awaiting development	11	639,390	639,390	-	-
Leasehold rights - net		49,252	84,329	-	-
Goodwill on consolidation		20,050	20,305	-	-
Other non-current assets		17,580	18,396	7,373	5,901
Total non-current assets		11,350,056	11,497,131	5,719,754	5,471,841
TOTAL ASSETS		14,268,549	14,907,821	6,203,678	5,882,938

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

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements		
	Note	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term loans from financial institutions		707,000	637,000	485,000	415,000
Trade accounts payable		262,580	270,304	23,928	34,761
Current portion of long-term loans					
from financial institutions	13	725,255	648,597	200,000	140,000
Amounts due to related companies	5	38,220	96,696	36,793	43,141
Corporate income tax payable		114,964	135,140	-	-
Other current liabilities	12	904,104	985,779	153,353	108,467
Total current liabilities		2,752,123	2,773,516	899,074	741,369
Non-current liabilities					
Long-term loans from subsidiaries	5	-	-	996,250	556,750
Long-term loan from related company	5	-	416,450	-	-
Long-term loans from financial institutions					
- net of current portion	13	2,778,055	3,080,272	532,000	632,000
Other non-current liabilities		68,914	55,933	8,436	8,430
Total non-current liabilities		2,846,969	3,552,655	1,536,686	1,197,180
TOTAL LIABILITIES		5,599,092	6,326,171	2,435,760	1,938,549

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

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements		
	Note	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited)	30 June 2007 (Unaudited but reviewed)	31 December 2006 (Audited) (Restated)
Shareholders' equity					
Share capital					
Registered					
84,670,143 ordinary shares of Baht 10 each		846,701	846,701	846,701	846,701
Issued and paid-up					
84,670,143 ordinary shares of Baht 10 each		846,701	846,701	846,701	846,701
Premium on ordinary shares		2,062,461	2,062,461	2,062,461	2,062,461
Other surpluses					
Capital reserve		634,699	634,699	-	-
Revaluation surplus		1,753,725	1,789,995	411,874	428,608
Unrealised loss on available-for-sale securities	10	(28,856)	(28,856)	(10,176)	(10,176)
Translation adjustment		73,376	72,905	-	-
Retained earnings					
Appropriated - statutory reserve		84,670	84,670	84,670	84,670
Unappropriated		2,574,752	2,353,782	372,388	532,125
		2,659,422	2,438,452	457,058	616,795
Equity attributable to company's shareholders		8,001,528	7,816,357	3,767,918	3,944,389
Minority interest - equity attributable to minority shareholders of subsidiaries		667,929	765,293	-	-
Total shareholders' equity		8,669,457	8,581,650	3,767,918	3,944,389
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,268,549	14,907,821	6,203,678	5,882,938

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

DIRECTORS

(UNAUDITED BUT REVIEWED)

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated		Company's separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
				(Restated)
Revenues				
Revenues from hotel operations	777,300	726,322	97,412	86,978
Revenues from property development operations	433,562	579,893	81,563	-
Revenues from office rental operations	15,663	21,546	-	-
Interest income	18,092	7,827	22,147	12,226
Foreign exchange gains	-	12,238	7,365	13,705
Other income	7,154	9,084	3,730	5,521
Share of income from investment in associated company	4,213	-	-	-
Total revenues	1,255,984	1,356,910	212,217	118,430
Expenses				
Direct hotel operations expenses	714,307	708,817	80,500	81,602
Direct cost of property development operations	331,528	319,990	48,289	-
Direct cost of office rental operations	12,638	23,496	-	-
Selling and administrative expenses	86,911	56,381	66,349	50,191
Directors' remuneration	1,693	(135)	1,693	(135)
Foreign exchange losses	8,987	-	-	-
Total expenses	1,156,064	1,108,549	196,831	131,658
Income (loss) before interest expenses and corporate income tax	99,920	248,361	15,386	(13,228)
Interest expenses	(56,120)	(50,199)	(28,496)	(36,167)
Corporate income tax	(9,628)	(20,538)	-	-
Income (loss) after corporate income tax	34,172	177,624	(13,110)	(49,395)
Net loss (income) of minority interest in subsidiaries	(8,404)	3,129	-	-
Net income (loss) for the period	25,768	180,753	(13,110)	(49,395)
Basic earnings (loss) per share (Baht)				
Net income (loss)	0.304	2.135	(0.155)	(0.583)

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

(UNAUDITED BUT REVIEWED)

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated		Company's separate	
	financial statements		financial statements	
	2007	2006	2007	2006
				(Restated)
Revenues				
Revenues from hotel operations	2,079,349	1,766,576	289,897	242,489
Revenues from property development operations	959,060	982,796	93,977	-
Revenues from office rental operations	31,759	47,977	-	-
Interest income	31,395	13,196	42,505	22,168
Foreign exchange gains	-	56,717	26,508	55,602
Other income	21,786	23,043	29,679	16,719
Total revenues	3,123,349	2,890,305	482,566	336,978
Expenses				
Direct hotel operations expenses	1,561,439	1,440,797	177,244	164,058
Direct cost of property development operations	654,683	529,377	62,677	-
Direct cost of office rental operations	25,979	48,284	-	-
Selling and administrative expenses	163,264	119,462	131,786	103,405
Directors' remuneration	2,762	1,920	2,762	1,920
Foreign exchange losses	3,786	-	-	-
Share of loss from investment in associated company	9,215	-	-	-
Total expenses	2,421,128	2,139,840	374,469	269,383
Income before interest expenses and corporate income tax	702,221	750,465	108,097	67,595
Interest expenses	(118,718)	(93,794)	(56,159)	(67,511)
Corporate income tax	(108,881)	(103,218)	-	-
Income after corporate income tax	474,622	553,453	51,938	84
Net income of minority interest in subsidiaries	(41,977)	(15,689)	-	-
Net income for the period	432,645	537,764	51,938	84
Basic earnings per share (Baht)				
Net income	5.110	6.351	0.613	0.001

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

(UNAUDITED BUT REVIEWED)

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements									
	Issued and paid-up share capital	Premium on ordinary shares	Capital reserve	Revaluation surplus	Unrealised loss		Retained earnings			
					on available-for-sale securities	Translation adjustment	Appropriated - statutory reserve	Unappropriated	Minority interest	Total
Balance as at 1 January 2006	846,701	2,062,461	634,699	1,888,359	(28,856)	104,870	84,670	1,240,905	755,300	7,589,109
Amortisation of revaluation surplus	-	-	-	(18,277)	-	-	-	-	(3,535)	(21,812)
Sales of land	-	-	-	(71)	-	-	-	-	-	(71)
Reversal of revaluation surplus for land transferred to property development cost	-	-	-	(14,246)	-	-	-	-	-	(14,246)
Translation adjustment	-	-	-	-	-	(20,912)	-	-	(8,475)	(29,387)
Payment of share capital increase of subsidiary	-	-	-	-	-	-	-	-	48,600	48,600
Items not recognised in income statement	-	-	-	(32,594)	-	(20,912)	-	-	36,590	(16,916)
Net income for the period	-	-	-	-	-	-	-	537,764	15,689	553,453
Balance as at 30 June 2006	846,701	2,062,461	634,699	1,855,765	(28,856)	83,958	84,670	1,778,669	807,579	8,125,646
Balance as at 1 January 2007	846,701	2,062,461	634,699	1,789,995	(28,856)	72,905	84,670	2,353,782	765,293	8,581,650
Sale of controlling interest in former subsidiary	-	-	-	-	-	-	-	-	(134,038)	(134,038)
Amortisation of revaluation surplus	-	-	-	(18,342)	-	-	-	-	(3,535)	(21,877)
Reversal of revaluation surplus for land transferred to property development cost	-	-	-	(17,928)	-	-	-	-	-	(17,928)
Translation adjustment	-	-	-	-	-	471	-	-	(1,768)	(1,297)
Items not recognised in income statement	-	-	-	(36,270)	-	471	-	-	(139,341)	(175,140)
Net income for the period	-	-	-	-	-	-	-	432,645	41,977	474,622
Dividends paid (Note 14)	-	-	-	-	-	-	-	(211,675)	-	(211,675)
Balance as at 30 June 2007	846,701	2,062,461	634,699	1,753,725	(28,856)	73,376	84,670	2,574,752	667,929	8,669,457

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

(UNAUDITED BUT REVIEWED)

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit: Thousand Baht)

	Company's separate financial statements									
	Issued and paid-up share capital	Premium on ordinary shares	Capital reserve	Revaluation surplus	Unrealised loss		Retained earnings			Total
					on available-for-sale securities	Translation adjustment	Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2006 - as previously reported	846,701	2,062,461	634,699	1,888,359	(28,856)	104,870	84,670	1,240,905	6,833,809	
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies	-	-	(634,699)	(1,449,500)	18,680	(104,870)	-	(2,063,304)	(4,233,693)	
Balance as at 1 January 2006 - as restated	846,701	2,062,461	-	438,859	(10,176)	-	84,670	(822,399)	2,600,116	
Amortisation of revaluation surplus	-	-	-	(5,090)	-	-	-	-	(5,090)	
Sales of land	-	-	-	(71)	-	-	-	-	(71)	
Items not recognised in income statement	-	-	-	(5,161)	-	-	-	-	(5,161)	
Net income for the period, (restated)	-	-	-	-	-	-	-	84	84	
Balance as at 30 June 2006	846,701	2,062,461	-	433,698	(10,176)	-	84,670	(822,315)	2,595,039	
Balance as at 1 January 2007 - as previously reported	846,701	2,062,461	634,699	1,789,995	(28,856)	72,905	84,670	2,353,782	7,816,357	
Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies	-	-	(634,699)	(1,361,387)	18,680	(72,905)	-	(1,821,657)	(3,871,968)	
Balance as at 1 January 2007 - as restated	846,701	2,062,461	-	428,608	(10,176)	-	84,670	532,125	3,944,389	
Amortisation of revaluation surplus	-	-	-	(5,156)	-	-	-	-	(5,156)	
Reversal of revaluation surplus for land transferred to property development cost	-	-	-	(11,578)	-	-	-	-	(11,578)	
Items not recognised in income statement	-	-	-	(16,734)	-	-	-	-	(16,734)	
Net income for the period	-	-	-	-	-	-	-	51,938	51,938	
Dividends paid (Note 14)	-	-	-	-	-	-	-	(211,675)	(211,675)	
Balance as at 30 June 2007	846,701	2,062,461	-	411,874	(10,176)	-	84,670	372,388	3,767,918	

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

(UNAUDITED BUT REVIEWED)

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	2007	2006	2007	2006 (Restated)
Cash flows from operating activities				
Net income for the period	432,645	537,764	51,938	84
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Net income of minority interest	41,977	15,689	-	-
Interest expenses	118,718	93,794	56,159	67,511
Corporate income tax	108,881	103,218	-	-
Income before interest expenses and corporate income tax	702,221	750,465	108,097	67,595
Adjustments for :				
Depreciation	178,062	190,653	21,550	18,849
Amortisation of leasehold rights	1,665	3,006	-	-
Amortisation of (negative goodwill) / goodwill on consolidation	255	256	-	-
Allowance for doubtful accounts (reversal)	(2,119)	390	-	-
Allowance for inventory obsolescence	1,075	1,155	-	-
Share of loss from investment in associated company	9,215	-	-	-
Unrealised foreign exchange gain	(414)	(99,281)	(24,065)	(55,312)
Gain from property sales recognition	-	(17,026)	-	-
Write off property, plant and equipment	213	-	-	-
Loss (gain) from sales of property, plant and equipment	493	(382)	-	-
Gain from sale of investment	(6,177)	-	-	-
Decrease (increase) in operating assets				
Trade accounts receivable	225,365	223,619	36,186	35,580
Amounts due from related companies	(11,838)	(16,050)	(18,777)	6,678
Inventories	(9,875)	(18,873)	1,832	(249)
Property development cost	(168,086)	123,321	(104,836)	(4,082)
Other current assets	(21,243)	(143,437)	16,858	(10,726)
Long-term trade accounts receivable	(50,270)	2,132	-	-
Other non-current assets	816	4,368	(1,472)	624
Increase (decrease) in operating liabilities				
Trade accounts payable	(7,514)	(27,972)	(10,833)	(17,403)
Amounts due to related companies	(19,616)	(3,875)	(3,968)	7,680
Other current liabilities	(68,301)	(98,212)	46,241	(15,108)
Other non-current liabilities	12,981	(874)	6	(232)
Net cash from operating activities before interest and corporate income tax paid	766,908	873,383	66,819	33,894
Interest paid	(121,432)	(104,158)	(59,894)	(65,197)
Corporate income tax paid	(136,044)	(25,950)	-	-
Net cash from (used in) operating activities	509,432	743,275	6,925	(31,303)

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

(UNAUDITED BUT REVIEWED)

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit: Thousand Baht)

	Consolidated		Company's separate	
	financial statements		financial statements	
	2007	2006	2007	2006
				(Restated)
Cash flows from investing activities				
Increase in long-term loans to subsidiaries	-	-	(258,000)	(87,500)
Cash payments for acquisition of property, plant and equipment	(444,989)	(805,239)	(29,267)	(24,998)
Cash received from sales of property, plant and equipment	2,031	2,004	31	239
Increase in restricted deposit at financial institution	-	(140)	-	-
Cash decreased from sale of investment in subsidiary	(145,167)	-	-	-
Net cash used in investing activities	(588,125)	(803,375)	(287,236)	(112,259)
Cash flows from financing activities				
Payment of dividends	(211,675)	-	(211,675)	-
Increase in short-term loans from financial institutions	70,000	47,000	70,000	18,000
Increase of long-term loans from related company	-	147,384	-	-
Increase of long-term loans from subsidiaries	-	-	439,500	265,000
Draw down of long-term loans from financial institutions	64,990	197,010	-	-
Repayment of long-term loans from financial institutions	(290,549)	(266,465)	(40,000)	(140,000)
Cash received from minority shareholder for share capital increase of subsidiary	-	48,600	-	-
Net cash from (used in) financing activities	(367,234)	173,529	257,825	143,000
Net increase (decrease) in cash and cash equivalents	(445,927)	113,429	(22,486)	(562)
Cash and cash equivalents at beginning of period	1,087,924	669,833	103,113	53,839
Cash and cash equivalents at end of period	641,997	783,262	80,627	53,277

Supplemental cash flows information: -

Non-cash item

Restructure of invesment to loan to associated company	102,725	-	-	-
Transferred land and construction to property development cost	21,861	246,905	2,511	-
Decrease in revaluation surplus on assets	39,805	21,812	16,733	5,090
Translation adjustment of associated company	1,848	-	-	-
Utilize of allowance for doubtful accounts	1,342	-	-	-

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

(UNAUDITED BUT REVIEWED)

LAGUNA RESORTS & HOTELS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

1. GENERAL INFORMATION

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

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are four hotels in Laguna Phuket, namely Dusit Laguna Resort, Laguna Beach Resort, Sheraton Grande Laguna Phuket and Banyan Tree Phuket, located in Phuket province and one hotel, the Banyan Tree Bangkok, located in Bangkok. The subsidiaries also engage in operating a golf club (Laguna Phuket Golf Club), sales of merchandise (Banyan Tree Gallery), office and resort rental, property development and sale of holiday club memberships.

The Company’s and some of its subsidiaries’ registered address is 21/11, 21/12B, 21/13, 21/65B, 21/67 and 21/68A Thai Wah Tower I, 6th, 22nd, 24th floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

(UNAUDITED BUT REVIEWED)

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2006. There have been no changes in the composition of the subsidiaries during the current period except the proportion of the Company's investment in Lijiang Banyan Tree Hotel Co., Ltd. ("LBTH") decreased from 70.00 percent as at 31 December 2006 to 49.04 percent as at 1 January 2007. This was due to the Company's selling part of its investment in LBTH in January 2007. As a result, LBTH's status changed from that of a subsidiary to an associated company in January 2007. As at 30 June 2007, this company's accounts are no longer consolidated in the financial statements but equity accounted instead.

The percentage of the total assets and total revenues of the major subsidiaries in relation to the total assets and total revenues as included in the consolidated financial statements as at 30 June 2007 are as follows:

Subsidiaries	Percentage of total assets included in the consolidated balance sheets	Percentage of total revenues included in the consolidated income statements
Bangtao Development Ltd.	11.7	-
Bangtao Grande Ltd.	6.8	17.5
Laguna Beach Club Ltd.	5.6	7.1
Laguna Banyan Tree Ltd.	19.6	17.5
Laguna Holiday Club Ltd.	5.9	12.1
TWR - Holdings Ltd.	3.4	12.0
Thai Wah Plaza Ltd.	15.6	11.5

2.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2006, except for the change in the accounting policy for recording investments in subsidiary and associated companies in the Company's separate financial statements from the equity method to the cost method, as described in Note 3 to the interim financial statements.

(UNAUDITED BUT REVIEWED)

2.4 Adoption of new accounting standards during the period

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 regarding Thai Accounting Standards (TAS), which was announced in the Royal Gazette. This Notification mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures
TAS 49	Construction Contracts

a) Thai Accounting Standards effective for the current year

Thai Accounting Standards No. 44, 45 and 46 become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, as discussed in Note 3.

b) Thai Accounting Standards not effective for the current year

Thai Accounting Standards No. 25, 33 and 49 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, the management has assessed the effect of these revised accounting standards and believes that they will not significantly impact on the financial statements for the year in which they are initially applied.

(UNAUDITED BUT REVIEWED)

3. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES IN THE COMPANY'S SEPARATE FINANCIAL STATEMENTS

On 1 January 2007, the Company changed its accounting policy for recording investments in subsidiaries in the Company's separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding "Consolidated Financial Statements and Separate Financial Statements", under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the Company's separate financial statements under the cost method.

In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the Company's separate income statements for the three-month and six-month periods ended 30 June 2007 by Baht 39 million (Baht 0.46 per share) and Baht 381 million (Baht 4.50 per share), respectively (2006: decreasing by Baht 230 million (Baht 2.71 per share) and Baht 538 million (Baht 6.35 per share), respectively). The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiary and associated companies" in the Company's separate statements of changes in shareholders' equity.

Such change in accounting policy affects only the accounts related to investments in subsidiary and associated companies in the Company's separate financial statements in which the cost method is applied, with no effect to the consolidated financial statements.

4. TRADE ACCOUNTS RECEIVABLE

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Trade accounts receivable - hotel operations	445,698	526,161	25,855	68,783
Less: Allowance for doubtful accounts	(11,979)	(11,440)	(1,884)	(1,884)
Trade accounts receivable - hotel operations, net	433,719	514,721	23,971	66,899

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Trade accounts receivable - sales of property				
- Installments due	172,574	182,341	4,804	-
- Unbilled receivable (not yet due)	201,913	331,130	1,938	-
Current portion of long-term trade accounts receivable (Note 7)	82,336	92,305	-	-
Total	456,823	605,776	6,742	-
Less: Allowance for doubtful accounts	-	(4,000)	-	-
Trade accounts receivable - sales of property, net	456,823	601,776	6,742	-
Trade accounts receivable - net	890,542	1,116,497	30,713	66,899

The outstanding balances of trade accounts receivable - hotel operations are aged, based on due date, as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<u>Age of receivables</u>				
Not yet due	291,407	290,225	5,930	17,518
Past due				
Less than 30 days	76,484	154,875	10,683	35,338
31 - 60 days	33,614	53,846	2,884	12,294
61 - 90 days	16,298	11,099	2,764	1,379
91 - 120 days	8,026	4,351	126	436
More than 120 days	19,869	11,765	3,468	1,818
Total	445,698	526,161	25,855	68,783
Less: Allowance for doubtful accounts	(11,979)	(11,440)	(1,884)	(1,884)
Trade accounts receivable - hotel operations, net	433,719	514,721	23,971	66,899

5. RELATED PARTY TRANSACTIONS

During the periods, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and agreed upon in the ordinary course of business between the Companies and those companies. Below is a summary of those transactions. Significant transactions are disclosed separately and non-significant transactions have been grouped.

(UNAUDITED BUT REVIEWED)

Transactions between the group (the Company and its subsidiaries) and related companies

(Unit: Million Baht)

	Payee	Payer	For the three-month		For the six-month		Transfer pricing policy
			periods ended		periods ended		
			30 June		30 June		
		2007	2006	2007	2006		
Reimbursement of costs	BTHL	LRH	16.8	-	23.6	4.0	(2) agreed basis
	BTHR	LBTL	9.6	10.2	22.4	17.9	(2) agreed basis
	BTHR	TWPL	1.7	3.7	6.8	6.4	(2) agreed basis
	BTRS(T)	BTG(T)	0.4	0.3	1.0	0.6	(2) agreed basis
	BTRS(T)	TWPL	0.7	0.6	1.3	1.1	(2) agreed basis
	LBTL	BTHR	2.5	1.8	4.9	3.2	(2) agreed basis
	LBTL	BTRS(T)	1.9	2.2	4.0	3.8	(2) agreed basis
	LRH	BTHL	-	1.1	0.2	1.1	(2) agreed basis
	LRH	BTHR	1.4	0.7	2.4	1.6	(2) agreed basis
	LRH	BTR	0.6	0.7	1.4	1.2	(2) agreed basis
	LRH	BTRS(T)	0.1	0.2	0.3	0.4	(2) agreed basis
	PTBH	AVCI	3.6	3.0	6.9	3.0	(2) agreed basis
	TWPL	BTHR	4.7	3.8	9.6	5.8	(2) agreed basis
	TWPL	BTRS(T)	1.6	2.6	3.6	4.8	(2) agreed basis
	Other		2.3	2.6	4.3	4.4	(2) agreed basis
	Inter resort charges	BTRS(T)	BGL	5.8	5.9	12.6	11.6
BTRS(T)		LBC	1.6	2.3	4.7	4.8	(3) agreed basis
BTRS(T)		LBTL	12.8	13.4	31.0	27.4	(3) agreed basis
BTRS(T)		LHC	0.4	-	1.0	-	(3) agreed basis
BTRS(T)		LRH	2.8	3.2	6.7	6.6	(3) agreed basis
BTRS(T)		TWPL	5.3	6.3	10.8	14.8	(3) agreed basis
Credit card commission	Other		0.5	0.2	1.0	0.4	(4) agreed basis
Commission on spa guests	LBC	BTRS(T)	0.1	0.2	0.4	0.4	(5) agreed basis
Commission on consignment sales	Other		0.9	0.9	1.8	1.8	(18) agreed basis
Resort service charges	LSC	BTRS(T)	1.5	1.1	3.0	2.4	(6) agreed basis

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	Payee	Payer	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy
			30 June		30 June		
			2007	2006	2007	2006	
Management fees	BTHR	LBTL	15.4	13.7	47.5	38.4	(8)(i),(iv) agreement
	BTHR	LGL	0.7	0.4	2.8	1.8	(8)(ii) agreement
	BTHR	TWPL	12.9	16.5	33.0	37.8	(8)(iii),(iv) agreement
	LRH	BTRS(T)	-	-	0.3	-	(7) agreement
Rent and service	BGL	BTRS(T)	0.6	0.4	1.1	0.8	(10)(i) agreement
	BTPPL	BTG(S)	-	1.0	-	2.0	(10)(xi) agreement
	BTRS(T)	TWPL	0.2	0.4	0.4	0.8	(10)(ix) agreement
	LBTL	BTRS(T)	1.4	1.3	3.5	3.4	(10)(i) agreement
	LRH	BTRS(T)	0.4	0.3	0.8	0.7	(10)(i) agreement
	TWC	BTG(T)	-	0.3	-	0.5	(10)(ii) agreement
	TWC	LRH	-	0.7	-	1.4	(10)(ii) agreement
	TWPL	BTRS(T)	1.2	1.5	2.9	3.1	(10)(i),(ii) agreement
	TWPL	TDC	0.4	0.4	0.9	0.9	(10)(ii) agreement
	TWPL	TWC	2.0	-	4.0	-	(10)(ii) agreement
	TWPL	TWFP	1.5	1.1	2.7	2.2	(10)(ii) agreement
	Other		0.5	0.5	1.0	0.8	(10) agreement
Purchase of goods	BTG(S)	BTHR	0.1	0.1	0.3	0.3	(9)(iii) agreed basis
	BTG(S)	BTRS	1.5	5.5	1.7	6.5	(9)(iii) agreed basis
	BTG(S)	BTRS(T)	-	-	0.6	-	(9)(i),(iii) agreed basis
	BTG(S)	LBTH	1.5	-	4.5	-	(9)(iii) agreed basis
	BTG(S)	MA	2.4	0.9	3.0	1.8	(9)(iii) agreed basis
	BTG(S)	PTBH	1.8	1.1	2.6	2.7	(9)(iii) agreed basis
	BTG(S)	VM	1.7	1.6	1.7	2.7	(9)(iii) agreed basis
	BTG(T)	BTRS(T)	0.3	2.1	1.6	4.3	(9)(i),(iii) agreed basis
	BTG(T)	HSD	-	-	-	4.2	(9)(i) agreed basis
	Other		0.8	0.6	1.2	0.6	(9)(i),(iii) agreed basis
Purchase of Gallery Vouchers	BTG(S)	BTHR	0.1	0.3	1.6	1.7	(13) agreed basis
	BTG(T)	BTRS(T)	0.2	1.2	1.6	1.4	(13) agreed basis
	Other		-	0.2	2.3	1.9	(13) agreed basis
Purchase of Spa Vouchers	BTS	LRH	-	-	1.7	1.4	(13) agreed basis
	Other		-	-	1.6	1.2	(13) agreed basis
Spa service	BTRS(T)	LHC	0.4	0.2	0.6	0.3	(17) agreed basis
Rental return on hotel units	CGL	PTBH	1.5	2.1	3.1	4.4	(11) agreement
Sale of investment	LBTL	BTHL	-	-	102.7	-	At premium over net book value
Interest	LBTL	LBTH	4.5	1.7	9.0	1.7	(16) agreed basis
Sale of property	LBTL	KAP	-	-	37.2	-	(20) agreed basis
	LGL	KAP	-	-	33.3	-	(20) agreed basis

(UNAUDITED BUT REVIEWED)

Transactions within the group - the Company and subsidiaries (eliminated from consolidated financial statements)

(Unit: Million Baht)

	Payee	Payer	For the three-month		For the six-month		Transfer pricing policy
			periods ended		periods ended		
			30 June		30 June		
Interest	BGL	LGL	12.3	10.5	26.6	19.2	(1) agreement
	BTD	LGL	0.7	1.8	1.5	3.0	(1) agreement
	LBTL	AVCI	0.6	-	1.2	-	(1) agreement
	LBTL	TWRH	-	0.3	-	1.2	(1) agreement
	LGL	LRH	11.8	16.3	22.5	29.0	(1) agreement
	LHC	CGL	1.2	1.5	2.4	2.7	(1) agreement
	LHC	LRH	1.2	1.1	1.6	1.9	(1) agreement
	LRH	LBTL	4.2	-	7.3	-	(1) agreement
	LRH	LSC	-	0.2	-	0.6	(1) agreement
	LRH	TWRH	16.3	11.8	32.2	21.2	(1) agreement
	MCP	TWRH	0.7	0.7	1.7	1.3	(1) agreement
	PSD	TWRH	2.2	4.6	5.6	7.9	(1) agreement
	TWDC	PSD	1.7	3.9	4.4	6.7	(1) agreement
	TWRH	LBTL	-	0.7	0.2	0.7	(1) agreement
	TWRH	TWPL	19.5	17.8	39.0	32.8	(1) agreement
	TWT	TWPL	0.4	0.5	0.9	0.7	(1) agreement
	Other		0.3	-	0.9	1.1	(1) agreement
Reimbursement of costs	AVCI	LHC	1.6	0.6	2.4	0.6	(2) agreed basis
	BGL	LHC	1.4	1.1	2.6	1.7	(2) agreed basis
	BGL	LRH	0.5	2.1	1.1	2.7	(2) agreed basis
	LBC	LRH	0.1	1.0	0.3	1.0	(2) agreed basis
	LBTL	BTG(T)	0.3	0.3	0.6	0.5	(2) agreed basis
	LBTL	LGL	1.0	1.1	2.2	2.0	(2) agreed basis
	LBTL	LRH	0.3	0.3	0.8	0.6	(2) agreed basis
	LBTL	LSC	0.4	0.4	0.9	0.7	(2) agreed basis
	LBTL	TWPL	-	-	5.2	0.1	(2) agreed basis

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	Payee	Payer	For the three-month		For the six-month		Transfer pricing policy
			periods ended		periods ended		
			30 June		30 June		
	2007	2006	2007	2006			
Reimbursement of costs	LEL	LHC	0.8	-	1.3	-	(2) agreed basis
	LGL	LBTL	0.6	0.9	1.4	1.5	(2) agreed basis
	LHC	AVCI	0.4	0.2	1.0	0.4	(2) agreed basis
	LHC	LBTL	0.9	-	1.2	-	(2) agreed basis
	LRH	BGL	7.6	-	12.7	1.2	(2) agreed basis
	LRH	LBC	3.8	-	6.3	0.6	(2) agreed basis
	LRH	LBTL	6.3	0.5	11.6	1.5	(2) agreed basis
	LRH	LGL	0.5	0.4	0.8	0.7	(2) agreed basis
	LRH	LHC	1.8	1.3	3.6	1.9	(2) agreed basis
	LRH	LSC	1.2	0.9	2.0	2.4	(2) agreed basis
	TWPL	BTG(T)	0.4	0.4	0.7	0.5	(2) agreed basis
	TWPL	LBTL	0.8	1.5	1.4	2.7	(2) agreed basis
	TWPL	LHC	1.2	1.1	2.3	1.8	(2) agreed basis
	TWPL	LRH	3.4	3.4	6.6	4.0	(2) agreed basis
	Other		1.1	1.3	6.6	3.2	(2) agreed basis
Inter resort charges	BGL	LBC	0.8	0.9	1.4	1.7	(3) agreed basis
	BGL	LBTL	0.8	1.0	2.2	2.0	(3) agreed basis
	BGL	LHC	0.3	-	0.6	-	(3) agreed basis
	BGL	LRH	0.7	0.9	1.5	1.5	(3) agreed basis
	BTG(T)	BGL	0.4	0.5	1.0	0.9	(3) agreed basis
	BTG(T)	LBC	0.3	0.3	0.8	0.6	(3) agreed basis
	BTG(T)	LBTL	1.8	2.3	5.9	5.0	(3) agreed basis
	BTG(T)	LGL	1.9	1.9	5.1	4.3	(3) agreed basis
	BTG(T)	TWPL	0.7	0.9	1.6	1.8	(3) agreed basis
	LBC	BGL	0.5	0.5	1.0	0.9	(3) agreed basis
	LBC	LBTL	0.2	0.3	0.5	0.5	(3) agreed basis
	LBC	LRH	0.6	0.3	0.9	0.5	(3) agreed basis
	LBTL	BGL	1.2	1.6	3.1	3.1	(3) agreed basis
	LBTL	LBC	0.2	0.3	0.6	0.7	(3) agreed basis

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	Payee	Payer	For the three-month		For the six-month		Transfer pricing policy
			periods ended		periods ended		
			30 June		30 June		
		2007	2006	2007	2006		
Inter resort charges	LBTL	LHC	2.0	-	4.9	-	(3) agreed basis
	LBTL	LRH	0.3	0.6	1.3	1.4	(3) agreed basis
	LEL	BGL	6.9	-	14.2	-	(3) agreed basis
	LEL	LBC	2.9	-	6.8	-	(3) agreed basis
	LEL	LBTL	4.1	-	11.4	-	(3) agreed basis
	LEL	LHC	0.7	-	1.2	-	(3) agreed basis
	LEL	LRH	2.6	-	6.3	-	(3) agreed basis
	LGL	BGL	1.4	1.9	3.6	3.7	(3) agreed basis
	LGL	LBC	0.5	0.9	1.1	2.0	(3) agreed basis
	LGL	LBTL	2.1	2.0	6.4	4.7	(3) agreed basis
	LGL	LHC	0.4	0.1	1.0	0.2	(3) agreed basis
	LGL	LRH	0.4	1.1	1.5	2.8	(3) agreed basis
	LRH	BGL	0.8	1.3	2.6	2.2	(3) agreed basis
	LRH	LBC	1.2	0.8	2.1	1.6	(3) agreed basis
	LRH	LBTL	0.6	0.5	1.9	1.3	(3) agreed basis
	Other		0.1	0.3	0.3	0.4	(3) agreed basis
	Credit card commission	Other	0.5	0.3	1.0	0.6	(4) agreed basis
	Resort service charges	LSC	BGL	12.6	11.6	25.9	23.2
LSC		LBC	6.0	5.8	12.6	12.6	(6) agreed basis
LSC		LBTL	11.0	8.6	24.0	17.6	(6) agreed basis
LSC		LEL	0.1	-	0.7	-	(6) agreed basis
LSC		LGL	1.5	1.9	3.3	4.3	(6) agreed basis
LSC		LHC	3.7	0.8	6.2	1.6	(6) agreed basis
LSC		LRH	8.5	7.6	17.3	15.4	(6) agreed basis
LSC		TWDC	0.4	0.4	0.8	0.7	(6) agreed basis
Other			0.2	0.2	0.4	0.3	(6) agreed basis
Management fees	LRH	BGL	-	1.1	-	4.5	(7) agreement
	LRH	LBTL	-	2.1	1.7	7.3	(7) agreement
	LRH	LHC	-	-	7.2	-	(7) agreement
	LRH	TWPL	-	0.3	11.3	0.3	(7) agreement

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	Payee	Payer	For the three-month		For the six-month		Transfer pricing policy
			periods ended		periods ended		
			30 June		30 June		
		2007	2006	2007	2006		
Rent and service	BTD	BGL	0.9	0.9	1.9	1.8	(10)(v) agreement
	BTD	LBTL	1.8	1.8	3.7	3.6	(10)(v) agreement
	BTD	LGL	0.6	0.5	1.1	1.0	(10)(vi) agreement
	L1	LBC	0.7	0.7	1.4	1.4	(10)(v) agreement
	L3	LBTL	0.4	0.4	0.9	0.9	(10)(v) agreement
	LBC	BTG(T)	0.4	0.4	0.7	0.7	(10)(viii) agreement
	LBTL	BTG(T)	0.3	0.4	0.8	0.8	(10)(i) agreement
	LGL	LBTL	1.4	1.3	3.1	2.8	(10)(i),(v) agreement
	LRH	LGL	0.4	0.6	0.8	1.0	(10)(iii) agreement
	LRH	LHC	1.2	1.3	2.5	2.3	(10)(iii) agreement
	LSC	BGL	0.2	0.7	0.5	1.1	(10)(iv),(xii) agreement
	PKRD	LRH	0.2	0.2	0.5	0.5	(10)(v) agreement
	TWPL	LHC	0.5	0.7	1.1	1.3	(10)(ii) agreement
	TWPL	LRH	3.1	1.8	5.8	3.5	(10)(ii) agreement
	TWT	TWPL	1.2	1.2	2.5	2.5	(10)(vii) agreement
	TWT2	TWPL	0.6	0.6	1.3	1.3	(10)(x) agreement
	Other		2.4	2.2	4.9	4.1	(10) agreements
	Purchase of goods	BTG(S)	BTG(T)	-	5.1	1.2	7.0
BTG(T)		BTG(S)	-	8.0	3.4	10.0	(9)(ii) agreed basis
BTG(T)		LBTL	7.4	4.7	12.7	6.0	(9)(i), (iii) agreed basis
BTG(T)		LHC	1.0	0.2	1.7	0.3	(9)(i), (ii) agreed basis
BTG(T)		TWPL	5.0	1.4	7.2	2.3	(9)(i), (ii) agreed basis
Other			-	0.7	0.5	0.8	(9)(i), (ii) agreed basis
Purchase of water	LGL	LSC	0.6	0.8	1.4	1.3	(12) agreed basis
Golf course service	LGL	LEL	1.1	-	3.7	-	(19) agreed basis
Purchase of Gallery Vouchers	BTG(T)	LRH	0.1	-	1.9	1.6	(13) agreed basis
	BTG(T)	TWPL	-	0.1	0.7	0.9	(13) agreed basis
	Other		0.3	0.5	2.8	2.3	(13) agreed basis
Purchase of books	Other		0.1	0.2	0.2	0.3	At cost plus margin
Purchase of land	LGL	TWPL	7.6	-	7.6	-	(14) Land Purchase Agreement
	LRH	LBTL	-	-	-	0.8	(14) Land Purchase Agreement

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	Payee	Payer	For the three-month		For the six-month		Transfer pricing policy
			periods ended		periods ended		
			30 June		30 June		
		2007	2006	2007	2006		
Guarantee fee	BGL	LRH	1.1	-	1.1	-	(15) agreed basis
	BT1	LRH	0.6	-	0.6	-	(15) agreed basis
	BT2	LRH	0.5	-	0.5	-	(15) agreed basis
	BTD	LBTL	1.0	-	1.0	-	(15) agreed basis
	BTD	LRH	2.3	-	2.3	-	(15) agreed basis
	L3	LRH	0.6	-	0.6	-	(15) agreed basis
	LBTL	LRH	0.8	-	0.8	-	(15) agreed basis
	LGL	LBTL	1.0	-	1.0	-	(15) agreed basis
	LGL	LRH	1.5	-	1.5	-	(15) agreed basis
	LRH	LBTL	3.3	-	3.3	-	(15) agreed basis
	PKRD	LRH	0.5	-	0.5	-	(15) agreed basis
	TWT	TWPL	1.2	0.7	1.2	1.4	(15) agreed basis
	Other		1.8	-	1.8	-	(15) agreed basis

LRH : Laguna Resorts & Hotels Public Company Limited

Subsidiaries

AVCI : PT. AVC Indonesia
BGL : Bangtao Grande Limited
BT1 : Bangtao (1) Limited
BT2 : Bangtao (2) Limited
BTD : Bangtao Development Limited
BTG(S) : Banyan Tree Gallery (Singapore) Private Limited
BTG(T) : Banyan Tree Gallery (Thailand) Limited
CGL : Cheer Golden Limited
LBC : Laguna Beach Club Limited
LBTL : Laguna Banyan Tree Limited
LGL : Laguna Grande Limited
LHC : Laguna Holiday Club Limited
LSC : Laguna Service Company Limited
LEL : Laguna Excursion Limited
L1 : Laguna (1) Limited
L3 : Laguna (3) Limited

(UNAUDITED BUT REVIEWED)

MCP	:	Mae Chan Property Company Limited
PKRD	:	Phuket Resort Development Limited
PSD	:	Pai Samart Development Company Limited
TWDC	:	Twin Waters Development Company Limited
TWPL	:	Thai Wah Plaza Limited
TWRH	:	TWR - Holdings Limited
TWT	:	Thai Wah Tower Company Limited
TWT2	:	Thai Wah Tower (2) Company Limited

Associated company

LBTH*	:	Lijiang Banyan Tree Hotel Company Limited
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Related companies (related by way of common shareholders, directors and/or management)

BTHL	:	Banyan Tree Holdings Limited
BTHR	:	Banyan Tree Hotels and Resorts Private Limited
BTPPL	:	Banyan Tree Properties Private Limited
BTR	:	Banyan Tree Resorts Limited
BTRS	:	Banyan Tree Resorts (Seychelles) Limited
BTRS(T)	:	Banyan Tree Resorts & Spas (Thailand) Company Limited
BTS	:	Banyan Tree Spas Private Limited
HSD	:	Heritage Spa Dubai Limited Liability Company
KAP	:	KAP Holding Limited
MA	:	Maldives Angsana Private Limited
PTBH	:	PT. Bintan Hotels
TDC	:	Tapioca Development Corporation Limited
TWC	:	Thai Wah Public Company Limited
TWFP	:	Thai Wah Food Products Public Company Limited
VM	:	Vabbinvest Maldives Private Limited

(*LBTH's status has been changed from a subsidiary in the prior year to an associated company since 1 January 2007. The transactions of 2006 and 2007 between LBTH and companies within the group were grouped in "Transactions between the group and related companies" for comparison purposes).

(UNAUDITED BUT REVIEWED)

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

- (1) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht, except for loans to LBTH, an associated company, which are denominated in US dollars as in (16) below. The Baht loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rate) plus a margin of 1.1%. The loans are repayable on demand, however it is expected that those loans would not be called for repayment in the short-term. Therefore such loans are recorded as non-current assets/liabilities in the balance sheet.
- (2) Costs are often incurred in one company within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed with no handling costs applied.
- (3) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel at which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at Spa's and goods purchased at shops in the resort. On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and handling charges are not charged with the exception of credit card commission which is disclosed separately in (4) below. Such inter resort charges are also incurred at the Banyan Tree Bangkok primarily for treatments of spa and goods purchased in the shops.
- (4) As noted in (3) above these commissions relate to instances where monies are received in a different company in which the revenue was earned. As credit card commissions are deducted from the gross receipts of customers, this transaction passes on the cost to the company in which the revenue is recognized. The rates charged range from 2% to 4% of the revenue and are based on the actual commissions charged by the credit card companies.
- (5) These charges relate to commissions earned by LBC for its guests that it provides to the closely located Spa. This commission is paid by the Spa to incentivise LBC to market the Spa's facilities to its guests. The rates charged range from 5% to 10% of spa revenue based on the number of guests that LBC provides to the Spa each month.

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(6) Resort service charges to the hotel operations relates to revenue of LSC which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:

- Utility charge : at the determined price and actual usage
- Laundry charge : at the price based on cost plus a certain margin
- Common area services, transportation charges, computer training centre and staff buses : based on actual cost
- Marketing fee : at the rate of 1% of the hotel operations' budgeted revenue

(7) LRH provides architectural services and manages projects that are undertaken during the year. The contracted fee for project management is set at a rate of 5% of the actual or budgeted costs of the project and the contracted fee for architectural services are based on construction cost at the following progressive rates.

The first 10 million Baht	: 6.5% of construction cost
The next 10 - 30 million Baht	: 5.5% of construction cost
The next 30 - 50 million Baht	: 4.75% of construction cost
The next 50 - 100 million Baht	: 4.5% of construction cost
The next 100 - 200 million Baht	: 4.25% of construction cost
The next 200 - 500 million Baht	: 3.75% of construction cost
Above 500 million Baht	: 3.4% of construction cost

(8) The terms of the operating agreements are disclosed in note 15. The payments terms of the contracts are as follows:

- (i) The management contract of the Banyan Tree Phuket pays a basic management fee of 2% of total revenue and an incentive fee of 7.5% of gross operating profit.
- (ii) This relates to a Technical Assistance Agreement to conduct the golf business. The terms of the agreement set a basic management fee of 3% of total revenue and an incentive fee of 10% of gross operating profit.
- (iii) The management contract of the Banyan Tree Bangkok pays a basic management fee of 3% of total revenue, an incentive fee of 10% of gross operating profit.

(UNAUDITED BUT REVIEWED)

(iv) Pursuant to the management contract, expenses relating to the sharing of promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree corporate head office shall be charged as follows:

- Group marketing services shared on a group basis are based on 3% of the budgeted revenues of the hotels.
- Reservation Service fees are 1% of room revenue plus USD 10 per reservation transaction.

All management fees are consistent with industry practice and the sharing of group marketing costs incurred by LBTL and TWPL are the reimbursement of costs benefiting each of the hotels. As a result these transactions are on normal commercial terms and conditions.

(9) These transactions relate to:

- (i) Sale of goods from BTG(T) to other subsidiaries and related companies are priced at a 15% to 45% discount to the retail price.
- (ii) Sale of goods from BTG(T) to BTG(S) is priced at cost plus a handling fee of 5%. In this instance BTG(T) acts as a purchasing agent on behalf of BTG(S) in order to centralise the purchasing function. This arrangement also applies for the sale of goods from BTG(S) to BTG(T).
- (iii) Sale of guest supplies for the hotels from BTG(S) and BTG(T) to other related companies is priced at cost plus certain margin.

(10) These transactions relate to rent paid for premises and land and are on the following basis:

- (i) Rental of hotel premises and service income is on the basis of 5% to 8.5% 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.

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- (ii) Rental or rental and service income of office space with monthly rent varying from Baht 300 to Baht 550 per square metre which is dependent on criteria such as the location, term of lease, and size of area leased. For storage space, rental was charged at Baht 100 per square metre per month.
 - (iii) Rental of space and service in Canal Village. The rates charged range from Baht 332 to Baht 498 per square metre per month.
 - (iv) Rental of central storage was charged at Baht 300 per square metre per month.
 - (v) Rental of land and lagoon on which hotel operations and Canal Village are located are at Baht 85,000 and 8,500 per rai per annum respectively, starting from January 2005 increasing by 5% per annum.
 - (vi) Rental of land on which Laguna Phuket Golf Club is located at Baht 8,500 per rai per annum, starting from January 2005 increasing by 5% per annum.
 - (vii) Rental of office building units is on the basis of Baht 5 million per annum.
 - (viii) Rental of hotel premises is on the basis of Baht 937 per square metre per month.
 - (ix) Rental and service fee for the fitness center located at the Banyan Tree Spa Bangkok is at the rate of Baht 348 per square metre per month. For July 2006 to May 2007, the fees are at a 50% discount due to renovations.
 - (x) Rental of land on which hotel premises are located is on the basis of Baht 2.6 million per annum.
 - (xi) Rental and service fee for Banyan Tree Gallery (Singapore) was at the rate of S\$ 2.94 per square feet per month.
 - (xii) The air conditioning rental fee related to the use of LSC's marquee which is on the basis of Baht 7,600 per bay and Baht 2,000 per hour.
- (11) This relates to a Management Agreement to manage the hotel units of CGL in the Angsana Resort & Spa on Bintan Island, Indonesia under which CGL receives a return of 15% per annum on the investment of the leasehold rights.

(UNAUDITED BUT REVIEWED)

- (12) LSC purchases water from LGL, the company that owns the lagoons from which the water is sourced, at a rate of Baht 2 per cubic metre.
- (13) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers will be issued yearly to qualifying executives and will be valid only within the year of issue.
- (14) The sales and purchases of land in Chiangmai and Phuket were made among 100% owned subsidiaries and was set at a level based on the official Land Department valuation.
- (15) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (16) Loans have been provided to LBTH to fund the construction of the Banyan Tree Lijiang Hotel which are denominated in US dollars. The loans are long-term loans which carry interest at a rate of 6% and 7.25% per annum and are repayable within 24 months and 8 years after the first drawdown respectively.
- (17) This relates to the purchase of Spa vouchers by LHC from BTRS(T) which are priced at a 40% discount to the Spa price list.
- (18) Sale of goods from BTG(S) to other related companies which are entitled to a monthly commission of 5% of the monthly aggregate of all revenues and income derived directly from the sale of goods consigned by BTG(S) to be sold at the outlets.
- (19) This relates to the purchase of golf vouchers by LEL to sell to its customers for golf course service. The vouchers are priced at an 8% discount to the golf course's price list before relevant taxes and service charges.
- (20) Sale of property to an employee based on the market price less applicable discount under staff housing discount policy which is based upon length of service up to a maximum of 10%.

(UNAUDITED BUT REVIEWED)

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)

	<u>30 June 2007</u>	<u>31 December 2006</u>
Long-term loan facilities	780.0	780.0
Overdrafts and bank guarantee facilities	105.7	105.7
Forward exchange contract	177.6	177.6

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

(Unit: Million Baht)

	<u>30 June 2007</u>	<u>31 December 2006</u>
Long-term loan facilities	1,170.0	1,220.0
Short-term loan facilities	170.0	170.0
Overdrafts and bank guarantee facilities	10.0	10.0
Forward exchange contract	100.0	107.5

The significant outstanding balances owing from/to its related companies have been separately shown in the balance sheets as follows:

Amounts due from related companies

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Subsidiaries				
Laguna Grande Ltd.	-	-	547	956
Laguna Service Co., Ltd.	-	-	1,059	374
Bangtao Grande Ltd.	-	-	4,387	2,555
Laguna Banyan Tree Ltd.	-	-	9,716	1,770
Laguna Beach Club Ltd.	-	-	3,575	2,044
Laguna Holiday Club Ltd.	-	-	1,673	5,292
TWR - Holdings Ltd.	-	-	5,819	7,757
Thai Wah Tower (2) Ltd.	-	-	-	7,039
Thai Wah Plaza Co., Ltd.	-	-	19,272	101
Others	-	-	315	526
	-	-	46,363	28,414

(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Associated company				
Lijiang Banyan Tree Hotel Co., Ltd.	25,219	-	58	-
Related companies				
Banyan Tree Resorts & Spas (Thailand) Co., Ltd.	3,707	2,169	-	-
Banyan Tree Hotels and Resorts Pte Ltd.	3,131	2,363	1,474	381
Banyan Tree Holdings Ltd.	73	38	-	-
Banyan Tree (Private) Limited (Sri Lanka)	3,502	4,003	-	-
Banyan Tree Spas Pte Ltd.	26	791	-	-
Banyan Tree Spas Japan	-	671	-	-
Banyan Tree Resorts Ltd.	642	1,092	640	1,092
Banyan Tree Resorts (Seychelles) Ltd.	4,143	5,940	17	37
Banyan Tree Resorts (Australia) Pty Ltd.	1,254	111	-	-
Maldives Angsana Pvt Ltd.	809	262	-	-
PT Bintan Hotels - Angsana Bintan	3,997	4,102	-	-
PT Bintan Hotels - Banyan Tree Bintan	1,169	2,325	26	-
Vabbinvest Maldives Pvt Ltd.	2,539	1,589	14	46
Jiwa Renga Resorts Ltd.	3,750	3,569	21	-
Herritage Spas Dubai LLC	3,215	4,034	-	-
Heritage Spa Egypt LLC Ltd.	488	-	-	-
Thai Wah Food Products Plc.	85	32	9	-
Kingley Realty Ltd.	705	-	-	-
Maldives Bay Pvt Ltd.	2,214	15	-	-
Others	896	151	160	35
	<u>36,345</u>	<u>33,257</u>	<u>2,361</u>	<u>1,591</u>
	<u>61,564</u>	<u>33,257</u>	<u>48,782</u>	<u>30,005</u>

(UNAUDITED BUT REVIEWED)

Long-term loans to subsidiaries

The movements in long-term loans to subsidiaries during the period are as follows:

(Unit: Thousand Baht)

	Company's separate financial statements			30 June 2007
	31 December 2006	Addition	Repayment	
Laguna (3) Ltd.	4,500	-	(3,000)	1,500
Laguna Banyan Tree Ltd.	-	425,000	(98,000)	327,000
TWR - Holding Ltd.	1,132,500	420,000	(486,000)	1,066,500
	<u>1,137,000</u>	<u>845,000</u>	<u>(587,000)</u>	<u>1,395,000</u>

Long-term loan to associated company

As at 30 June 2007, the long-term loan to associated company was a loan that Laguna Banyan Tree Ltd. provided to Lijiang Banyan Tree Hotel Co., Ltd. (LBTH). When the divestment of the group's 20.96 percent equity interest became effective on 1 January 2007, LBTH's status changed from a subsidiary to an associated company, and the loan is presented as "long-term loan to associated company" in the consolidated balance sheet as at 30 June 2007. The movements in long-term loan to associated company during the period are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			30 June 2007
	31 December 2006	Addition	Exchange rate adjustment	
Lijiang Banyan Tree Hotel Co., Ltd.	178,699*	102,725	(11,997)	269,427

(* As at 31 December 2006, the loan was a loan to a subsidiary which was eliminated and was not presented in the consolidated financial statements.)

(UNAUDITED BUT REVIEWED)

Amounts due to related companies

(Unit: Thousand Baht)

	Consolidated financial		Company's separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
Subsidiaries				
Bangtao (1) Ltd.	-	-	633	-
Bangtao (2) Ltd.	-	-	462	-
Bangtao Grande Ltd.	-	-	2,121	1,064
Bangtao Development Ltd.	-	-	2,268	-
Laguna (3) Ltd.	-	-	558	-
Laguna Banyan Tree Ltd.	-	-	1,246	908
Laguna Excursion Ltd.	-	-	1,519	-
Laguna Grande Ltd.	-	-	5,688	11,315
Laguna Holiday Club Ltd.	-	-	501	1,210
Laguna Service Co., Ltd.	-	-	5,533	5,900
Phuket Resort Development Ltd.	-	-	549	-
Thai Wah Plaza Ltd.	-	-	1,897	1,753
TWR - Holdings Ltd.	-	-	221	4,071
Others	-	-	413	739
	-	-	23,609	26,960
Related companies				
Banyan Tree Resorts & Spas (Thailand) Co., Ltd.	6,163	12,536	1,473	584
Banyan Tree Spas Pte Ltd.	-	-	81	-
Banyan Tree Properties Pte Ltd.	-	632	-	-
Banyan Tree Hotels and Resorts Pte Ltd.	17,662	42,477	86	40
Banyan Tree Holdings Ltd.	11,544	37,045	11,544	15,508
Jiwa Renga Resorts Ltd.	-	659	-	-
PT Bintan Hotels - Angsana Bintan	2,476	2,903	-	-
Others	375	444	-	49
	38,220	96,696	13,184	16,181
Total	38,220	96,696	36,793	43,141

(UNAUDITED BUT REVIEWED)

Long-term loans from subsidiaries

The movements in the long-term loans from subsidiaries during the period are as follows:

(Unit: Thousand Baht)

	Company's separate financial statements			
	31 December 2006	Addition	Repayment	30 June 2007
Laguna Grande Ltd.	548,250	432,000	(58,000)	922,250
Laguna Holiday Club Ltd.	8,500	117,000	(51,500)	74,000
	<u>556,750</u>	<u>549,000</u>	<u>(109,500)</u>	<u>996,250</u>

Long-term loan from related company

As at 31 December 2006, the long-term loan from related company was a loan that Banyan Tree Holdings Ltd. (BTHL) provided to Lijiang Banyan Tree Hotel Co., Ltd. (LBTH). When the divestment of the group's 20.96 percent equity interest became effective on 1 January 2007, LBTH was no longer a subsidiary of the Company and hence the assets and liabilities of LBTH are no longer included in the consolidated balance sheet since January 2007.

6. PROPERTY DEVELOPMENT COST

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Property for sale under holiday club membership	391,126	424,504	-	-
Completed buildings	93,694	87,198	-	-
Land	55,275	14,399	12,612	13,516
Property under construction	334,684	158,731	124,375	16,124
	<u>874,779</u>	<u>684,832</u>	<u>136,987</u>	<u>29,640</u>
Less: Allowance for diminution in market value of property under construction	<u>(91,418)</u>	<u>(91,418)</u>	<u>-</u>	<u>-</u>
Property development cost	<u>783,361</u>	<u>593,414</u>	<u>136,987</u>	<u>29,640</u>

7. LONG-TERM TRADE ACCOUNTS RECEIVABLE

Long-term trade accounts receivable consists of:

- 7.1 Secured financing provided to customers of property sales which are mainly denominated in United States Dollars and bear interest at a rate of 5% per annum over the Singapore Inter Bank Offered Rate (SIBOR). The loan periods vary from 5 to 15 years.

(UNAUDITED BUT REVIEWED)

7.2 Installments receivable from property sales which bear interest at a rate of 9% and 12% per annum and installments are repaid over a period of 3 to 5 years.

Long-term trade accounts receivable are repayable as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June	31 December
	2007	2006
Within one year (Note 4)	82,336	92,305
Between 2 - 4 years	89,233	43,877
Between 5 years and after	6,206	1,292
Long-term trade accounts receivable	95,439	45,169
Total	177,775	137,474

8. INVESTMENTS IN SUBSIDIARIES

	Company's separate financial statements					
	Paid-up share capital		Shareholding percentage		Cost	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
TWR - Holdings Ltd.	1,250.0	1,250.0	100	100	1,250.0	1,250.0
Subsidiaries held through TWR - Holdings Ltd.						
Pai Samart Development Co., Ltd.	28.4	28.4	100	100	-	-
Mae Chan Property Co., Ltd.	232.3	232.3	100	100	-	-
Phuket Resort Development Ltd.	41.4	41.4	100	100	-	-
Laguna Banyan Tree Ltd. [#]	500.0	500.0	100	100	835.1	835.1
Laguna Beach Club Ltd. ^{**}	200.0	200.0	60	60	85.0	85.0
Laguna (I) Ltd.	15.0	15.0	60	60	-	-
PT AVC Indonesia	USD 0.7	USD 0.7	100	100	-	-
	Million	Million				
Talang Development Co., Ltd.	251.0	251.0	50	50	-	-
Lijiang Banyan Tree Hotel Co., Ltd.	-	USD 14.9	-	70	-	-
		Million				
Twin Waters Development Co., Ltd.	214.4	214.4	100	100	-	-
Thai Wah Plaza Ltd.	1,500.0	1,500.0	100	100	-	-
Thai Wah Tower Co., Ltd.	455.0	455.0	100	100	-	-
Thai Wah Tower (2) Co., Ltd.	21.0	21.0	100	100	-	-
Laguna Excursions Ltd.	5.0	5.0	49	49	-	-
Laguna Grande Ltd.	1,000.0	1,000.0	100	100	914.4	914.4

(UNAUDITED BUT REVIEWED)

	Company's separate financial statements					
	Paid-up share capital		Shareholding percentage		Cost	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
Subsidiaries held through Laguna Grande Ltd.						
Bangtao (1) Ltd.	20.9	20.9	100	100	-	-
Bangtao (2) Ltd.	19.1	19.1	100	100	-	-
Bangtao (3) Ltd.	7.8	7.8	100	100	-	-
Bangtao (4) Ltd.	14.6	14.6	100	100	-	-
Bangtao Development Ltd.	80.0	80.0	100	100	-	-
Laguna Central Ltd.	1.0	1.0	100	100	-	-
Bangtao Grande Ltd.	1,546.0	1,546.0	100	100	-	-
Other subsidiaries						
Laguna Service Co., Ltd.*	90.5	90.5	86.5	86.5	22.4	22.4
Banyan Tree Gallery (Thailand) Ltd.	7.8	7.8	51	51	4.0	4.0
Laguna Holiday Club Ltd.	330.0	330.0	100	100	330.0	330.0
Banyan Tree Gallery (Singapore) Pte Ltd.	SGD 0.43 Million	SGD 0.43 Million	51	51	4.0	4.0
Laguna (3) Ltd.	0.1	0.1	100	100	46.4	46.4
Cheer Golden Ltd.	-	-	100	100	-	-
Total investments in subsidiaries					3,491.3	3,491.3

(# Laguna Banyan Tree Ltd. is held 49% by the Company and 51% through TWR – Holdings Ltd.)

(## Laguna Beach Club Ltd. is held 10% by the Company and 50% through TWR – Holdings Ltd.)

(* Laguna Services Co., Ltd. is held by the Company and 3 subsidiaries)

The Company has a 60 percent shareholding in Laguna Beach Club Ltd. However, the Company has recognized its share of the income of this subsidiary at 50 percent in accordance with the income sharing percentage in the Articles of Association.

The Company has a 49 percent shareholding in Laguna Excursions Ltd. However, the Company has recognized its share of the income of this subsidiary at 100 percent in accordance with the income sharing percentage in the Articles of Association.

As at 31 December 2006, the 2,450,000 ordinary shares of Laguna Banyan Tree Ltd. have been pledged with a bank to secure long-term loan of the Company. The shares were unpledged on 2 April 2007.

As at 30 June 2007 and 31 December 2006, the 10,188,203 ordinary shares of Thai Wah Plaza Ltd. have been pledged with a bank to secure a long-term loan of the Company.

(UNAUDITED BUT REVIEWED)

The Board of Directors' meeting No. 6/2006 of Laguna Resorts & Hotels Public Company Limited (the Company) held on 27 December 2006 approved the divestment of 20.96 percent of Laguna Banyan Tree Limited (LBTL)'s equity interest in Lijiang Banyan Tree Hotel Co., Ltd. (LBTH) to Banyan Tree Holdings Limited (BTHL), at the total consideration of USD 2,857,005.15 (approximately Baht 102.7 million) effective 1 January 2007 whereby the equity interest ratio of LBTL in LBTH was decreased from 70.00 percent to 49.04 percent. As a result, LBTH status changed from that of a subsidiary company to an associated company in January 2007. The meeting also approved the restructure of the existing LBTL's loan facility provided to LBTH to the level of LBTL's new equity interest ratio.

As at 1 January 2007, the net asset value of LBTH was as follows:

	(Unit: Thousand Baht)
Current assets	245,644
Property, plant and equipment - net	839,078
Other non-current assets	30,947
Total assets	<u>1,115,669</u>
Current liabilities	76,131
Non-current liabilities	595,957
Total liabilities	<u>672,088</u>
Net asset value	<u>443,581</u>
Net asset value - equity attributable to LBTL's shareholders (20.96%)	92,718
Translation adjustment - equity attributable to LBTL's shareholders (20.96%)	3,830
Less: Sales proceeds	<u>(102,725)</u>
Gain from sale of investment in subsidiary company	<u>(6,177)</u>
Sales proceeds	102,725
Less: Restructure of investment to loan	(102,725)
Less: Cash and cash equivalents of subsidiary	<u>(145,167)</u>
Net cash decrease from sale of controlling interest in subsidiary	<u>(145,167)</u>

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9. INVESTMENTS IN ASSOCIATED COMPANIES

(Unit: Thousand Baht)

	Consolidated financial statements					
	Carrying amount based on equity method					
	Paid-up share capital		Shareholding percentage			
	30 June 2007	31 December 2006	30 June 2007	31 December 2006	30 June 2007	31 December 2006
	Million Baht	Million Baht	%	%		
Ownrep Project Services Pte Ltd.	34.5	34.5	50.00	50.00	-	-
Lijiang Banyan Tree Hotel Co., Ltd.	USD 14.9 million	-	49.06	-	205,930	-
Total investments in associated companies					205,930	-

Ownrep Project Services Pte Ltd., held by TWR - Holding Ltd., was incorporated in Singapore. It has now ceased operations.

Lijiang Banyan Tree Hotel Co., Ltd., held by Laguna Banyan Tree Ltd., was incorporated in China and is engaged in the hotel business.

10. OTHER LONG-TERM INVESTMENTS

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Investment in available-for-sale securities				
Thai Wah Plc.	50,830	50,830	23,850	23,850
Unrealised loss on investment	(28,856)	(28,856)	(10,176)	(10,176)
Investment, at market price	21,974	21,974	13,674	13,674
Investments in other companies				
TRL Investment Ltd.	188,424	188,424	-	-
Tropical Resorts Ltd	1	1	-	-
Total investments in other companies	188,425	188,425	-	-
Total other long-term investments	210,399	210,399	13,674	13,674

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11. PROPERTY, PLANT AND EQUIPMENT / LAND AWAITING DEVELOPMENT

	(Unit: Thousand Baht)	
	Consolidated financial statements	Company's separate financial statements
At cost / revaluation value		
Balance as at 31 December 2006	15,665,703	1,644,810
Additions	444,989	29,267
Disposals and write off	(9,863)	(71)
Cost of property, plant and equipment of LBTH	(859,230)	-
Transfer out	(21,861)	(2,511)
Reversal of revaluation surplus for land transferred to property development cost	(17,928)	(11,578)
Balance as at 30 June 2007	<u>15,201,810</u>	<u>1,659,917</u>
Accumulated depreciation		
Balance as at 31 December 2006	(5,188,700)	(820,802)
Depreciation charged for the period	(178,062)	(21,550)
Depreciation for revaluation	(21,877)	(5,155)
Depreciation on disposals and write off	7,126	39
Accumulated depreciation of LBTH	20,152	-
Balance as at 30 June 2007	<u>(5,361,361)</u>	<u>(847,468)</u>
Net book value		
Balance as at 31 December 2006	<u>10,477,003</u>	<u>824,008</u>
Balance as at 30 June 2007	<u>9,840,449</u>	<u>812,449</u>

Acquisitions during the period mainly comprise construction in progress for the expansion of existing facilities in the Banyan Tree Phuket and the Banyan Tree Bangkok.

The hotel properties and land were reappraised by a professional independent appraisal company in its report dated 1 November 2004. The revaluation was conducted using the "Replacement Cost" basis for hotel properties and a "Fair Market Value" basis for land.

As at 30 June 2007 and 31 December 2006, a land area of approximately 1,073 Rai, at the fair value of Baht 3,437 million, and hotel buildings, fixtures and equipment have been mortgaged to secure bank overdrafts, short-term loan and long-term loan facilities, and forward exchange contracts of the Company and its subsidiaries.

Land awaiting development

Land awaiting development in Phuket, Chiang Rai and Mae Hong Sorn provinces was revalued on a "Fair Market Value" basis by a professional independent appraisal company in its report dated 1 November 2004.

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As at 30 June 2007 and 31 December 2006, land awaiting development in Phuket province of approximately 45 Rai, at a fair value of Baht 164 million has been mortgaged to secure bank overdrafts, short-term loan and long-term loan facilities of the Company.

12. OTHER CURRENT LIABILITIES

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Accrued expenses	257,022	381,279	48,549	59,912
Advance receipts from customers	203,164	200,136	58,705	9,955
Other accounts payable	305,021	235,615	39,285	16,104
Service charge payable to hotel staff	20,630	50,900	4,687	9,379
Value added tax payable	48,729	79,380	2,127	13,117
Accrued rental to villa owners	50,714	36,810	-	-
Unearned income	18,824	1,659	-	-
	<u>904,104</u>	<u>985,779</u>	<u>153,353</u>	<u>108,467</u>

13. LONG - TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
Secured	<u>3,503,310</u>	<u>3,728,869</u>	<u>732,000</u>	<u>772,000</u>
Long-term loans are repayable as follows:				
Within one year	725,255	648,597	200,000	140,000
Between one and two years	916,290	824,914	266,000	233,000
Between three and five years	1,569,053	1,882,384	266,000	399,000
Over five years	292,712	372,974	-	-
	<u>2,778,055</u>	<u>3,080,272</u>	<u>532,000</u>	<u>632,000</u>
	<u>3,503,310</u>	<u>3,728,869</u>	<u>732,000</u>	<u>772,000</u>

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Movements in the long-term loans account during the six-month period ended 30 June 2007 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Company's separate financial statements
Balance as at 31 December 2006	3,728,869	772,000
Add: Additional borrowings	64,990	-
Less: Repayments	(290,549)	(40,000)
Balance as at 30 June 2007	<u>3,503,310</u>	<u>732,000</u>

Long-term loans consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
<u>The Company</u>				
(1) Baht loan from a bank, with facility of Baht 892 million repayable quarterly from July 2005 to April 2010, at an interest rate of MLR per annum	732,000	772,000	732,000	772,000
<u>Subsidiaries</u>				
(2) Baht loan from a bank, with a facility of Baht 450 million, repayable quarterly as from February 2003 to October 2007, at an interest rate as follows: November 2003 - March 2005: 4% per annum (revised on 6 November 2003) April 2005 onward: 2% per annum (revised on 31 March 2005)	50,000	100,000	-	-
(3) Baht loan from a bank, with a facility of Baht 200 million, at an interest rate of 4% per annum for the first-three years and MLR less 1% per annum from October 2007 onwards, repayable quarterly from October 2005 to July 2009 (except the outstanding promissory note of Baht 5 million, which is at an interest rate of 2% per annum since 31 March 2005)	150,000	170,000	-	-
(4) Baht loan from a bank, with a facility of Baht 50 million, at an interest rate of 3.5% per annum repayable quarterly from June 2005 to March 2007 (except the outstanding promissory note of Baht 5 million, which is at an interest rate of 2% per annum since 31 March 2005)	-	6,250	-	-

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(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June	31 December	30 June	31 December
	2007	2006	2007	2006
(5) Baht loan from a bank, with a facility of Baht 260 million at an interest rate of MLR less 2% per annum or 3 month fixed deposit rate plus 2% per annum, whichever is higher, repayable quarterly from April 2006 to January 2010	230,000	245,000	-	-
(6) Baht loan from a bank, with a facility of Baht 600 million at an interest rate of MLR less 2% per annum or 3 month fixed deposit rate plus 2% per annum, whichever is higher, repayable quarterly from September 2006 to June 2011	540,000	570,000	-	-
(7) Baht loan from a bank, with a facility of Baht 100 million at an interest rate of MLR less 1.5% per annum, repayable quarterly from October 2006 to January 2009	70,000	90,000	-	-
(8) Baht loan from a bank, with a facility of Baht 180 million at an interest rate of MLR less 1.5% per annum or 3 month fixed deposit rate plus 2% per annum, whichever is higher, repayable quarterly from April 2006 to January 2009	130,000	150,000	-	-
(9) Baht loan from a bank, with a facility of Baht 100 million at an interest rate of MLR less 1.5% per annum or 3 month fixed deposit rate plus 2% per annum, whichever is higher, repayable quarterly from March 2007 to June 2009	85,000	100,000	-	-
(10) Baht loan from a bank, with a facility of Baht 1,004 million, repayable quarterly from December 2005 to December 2013, at an interest rate which was revised on 1 December 2006 as follows: December 2005 - November 2006: MLR per annum December 2006 - November 2008: MLR less 1% per annum December 2008 - December 2014: MLR less 0.5% per annum	860,060	910,609	-	-
(11) Baht loan from a bank, with a facility of Baht 300 million at an interest rate MLR less 1% per annum, repayable quarterly from March 2007 to June 2011	280,000	300,000	-	-
(12) Baht loan from a bank, with a facility of Baht 220 million, from March 2006 - March 2008 at an interest rate of MLR less 1.5% per annum or 3 month fixed deposit rate plus 2.5% per annum, whichever is higher, from March 2008 to June 2011 at an interest rate of MLR less 1% per annum or 3 month fixed deposit rate plus 2.5% per annum, whichever is higher, repayable quarterly from June 2007 to June 2011	216,250	155,010	-	-
(13) 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: April 2006 - November 2008: MLR per annum December 2006 - November 2008: MLR less 1% per annum December 2008 - April 2014: MLR less 0.5% per annum	100,000	100,000	-	-

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(Unit: Thousand Baht)

	Consolidated financial statements		Company's separate financial statements	
	30 June 2007	31 December 2006	30 June 2007	31 December 2006
(14) Baht loan from a bank, with a facility of Baht 90 million at an interest rate of MLR less 1% per annum, repayable quarterly from March 2008 to March 2010	60,000	60,000	-	-
Total long-term loans	3,503,310	3,728,869	732,000	772,000

MLR: Minimum Lending Rate

MMR: Money Market Rate

The loans are secured by land, land awaiting development and all hotel buildings of the Company and subsidiaries, as described in Note 11. The loan in (1) above is also secured by the pledge of the 10,188,203 ordinary shares of Thai Wah Plaza Ltd., as described in Note 8. The loans in (2) to (4), (7), (10) and (14) above are guaranteed by a subsidiary company. The loan in (5) above is guaranteed by the Company.

The loan agreements of the Company and subsidiaries stipulate that they must comply with covenants relating to various matters, including the maintenance of financial ratios.

14. DIVIDENDS

Dividends declared in the six-month period ended 30 June 2007 consists of:

	Approved by	Total dividends	Dividend per share
		Million Baht	Baht
Dividends on 2006 retained earnings	Annual General Meeting of the shareholders on 25 April 2007	211.68	2.50

15. COMMITMENTS

Capital commitment

As at 30 June 2007, the Company and its subsidiaries have commitments as follows:

- a) The Company and its subsidiaries have commitments in respect of constructing new and renovating existing hotel properties totaling Baht 74.4 million (31 December 2006: Baht 366.7 million).

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- b) The Company and five subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 876.1 million (31 December 2006: 704.4 million).

Operating agreements

The Company and its subsidiaries entered into operating agreements with certain companies whereby these companies are to operate the Company's and its subsidiaries' hotels and golf business. In consideration for such services, the Company and subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements. These agreements are summarised as follows:

<u>Company</u>	<u>Business unit</u>	<u>Operator</u>	<u>Contract period</u>	<u>Fees</u>
Laguna Resorts and Hotels Plc.	Dusit Laguna Resort	Dusit Hotels and Resorts Co., Ltd.	1.10.1992 - 30.9.2012	- Basic management fee : 2% of total revenue - Incentive fee : 5% of gross operating profit
Bangtao Grande Ltd.	Sheraton Grande Laguna Phuket	Sheraton Overseas Management Corporation	11.1.1989 - 31.12.2012 (a)	- Basic management fee : 2% of total revenue - Incentive fee : 7.5% of gross operating profit
Laguna Grande Ltd.	Laguna Phuket Golf Club	Banyan Tree Hotels and Resorts Pte. Ltd.	1.10.1992 - 31.12.2014 (b)	- Basic management fee : 3% of total revenue - Incentive fee : 10% of gross operating profit
Laguna Banyan Tree Ltd.	Banyan Tree Phuket	Banyan Tree Hotels and Resorts Pte. Ltd.	1.5.1995 - 31.12.2015 (c)	- Basic management fee : 2% of total revenue - Incentive fee : 7.5% of gross operating profit
Thai Wah Plaza Ltd.	Banyan Tree Bangkok	Banyan Tree Hotels and Resorts Pte. Ltd.	1.1.2002 - 31.12.2021 (d)	- Basic management fee: 3% of total revenue - Incentive fee: 10% of gross operating profit

(a) Operator has exercised its option to extend for 10 years as the required conditions have been met.

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

(c) Operator has exercised option to extend to 31.12.2015 (as notified on 28 July 2004) and has an option to extend for a further 10 years.

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

16. BANK GUARANTEES

As at 30 June 2007, there were bank guarantees amounting to Baht 43.9 million (the Company only: Baht 2.8 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 (31 December 2006: Baht 43.5 million, the Company only : Baht 2.8 million).

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17. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' business operations involve three principal segments: (1) hotel operations (2) office rental and (3) property development business. Below is the consolidated financial information of the Company and its subsidiaries by segment.

(Unit: Million Baht)

For the three-month period ended 30 June 2007								
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	679	55	43	777	16	433	-	1,226
Intersegments revenues	50	12	-	62	5	-	(67)	-
Total revenues	729	67	43	839	21	433	(67)	1,226
Operating income	58	1	5	64	3	102	-	169
Foreign exchange losses	(7)	(1)	-	(8)	-	(1)	-	(9)
Other income	15	-	-	15	-	10	-	25
Unallocated income and expenses:								
Selling and administrative expenses								(89)
Share of income from investment of associated company								4
Interest expenses								(56)
Corporate income tax								(10)
Minority interest								(8)
Net income for the period								26

(Unit: Million Baht)

For the three-month period ended 30 June 2006								
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	642	64	20	726	22	580	-	1,328
Intersegments revenues	45	14	-	59	4	-	(63)	-
Total revenues	687	78	20	785	26	580	(63)	1,328
Operating income (loss)	9	8	1	18	(2)	259	-	275
Foreign exchange gains (losses)	18	-	(2)	16	-	(4)	-	12
Other income	11	-	-	11	-	6	-	17
Unallocated expenses:								
Selling and administrative expenses								(56)
Interest expenses								(50)
Corporate income tax								(20)
Minority interest								3
Net income for the period								181

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

For the six-month period ended 30 June 2007

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	1,863	113	103	2,079	32	959	-	3,070
Intersegments revenues	100	29	-	129	9	-	(138)	-
Total revenues	1,963	142	103	2,208	41	959	(138)	3,070
Operating income	497	4	18	519	6	304	-	829
Foreign exchange gains (losses)	2	(1)	-	1	-	(5)	-	(4)
Other income	36	-	-	36	-	17	-	53
Unallocated expenses:								
Selling and administrative expenses								(166)
Share of loss from investment of associated companies								(9)
Interest expenses								(119)
Corporate income tax								(109)
Minority interest								(42)
Net income for the period								433

(Unit: Million Baht)

For the six-month period ended 30 June 2006

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	1,595	122	49	1,766	48	983	-	2,797
Intersegments revenues	82	19	-	101	7	-	(108)	-
Total revenues	1,677	141	49	1,867	55	983	(108)	2,797
Operating income	305	12	9	326	-	453	-	779
Foreign exchange gains (losses)	69	-	(2)	67	-	(10)	-	57
Other income	25	-	-	25	-	11	-	36
Unallocated expenses:								
Selling and administrative expenses								(121)
Interest expenses								(94)
Corporate income tax								(103)
Minority interest								(16)
Net income for the period								538

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Transfer prices between businesses segments are set out as described in Note 5.

(Unit: Million Baht)

As at 30 June 2007								
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Total
Property, plant and equipment - net	8,029	25	1,307	9,361	433	46	-	9,840
Total assets	10,314	279	1,346	11,939	443	1,887	-	14,269

(Unit: Million Baht)

As at 31 December 2006								
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Total
Property, plant and equipment - net	8,592	11	1,419	10,022	421	34	-	10,477
Total assets	10,841	230	1,477	12,548	314	2,046	-	14,908

18. FINANCIAL INSTRUMENTS

18.1 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.

18.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company and its subsidiaries' operations and their cash flows. The Company and its subsidiaries' exposure to interest rate risk relates primarily to their deposits with financial institutions, long-term trade accounts receivable, bank overdrafts and loans. The Company and its subsidiaries do not use derivative financial instruments to

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hedge such risk (the detail of long-term loans are set out in Note 13).

Consolidated financial statements						
Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Total	Fixed Interest rate (% p.a.)
	(Million Baht)					
Financial Assets						
Cash equivalents (excluding cash)	59	-	-	584	643	2.25%-3.5%
Restricted deposit at financial institution	2	-	-	-	2	2.25%
Long-term trade accounts receivable	82	83	5	8	178	9% and 12% (Note 7)
Long-term loan to associated company	135	-	134	-	269	6%, 7.25%
Financial Liabilities						
Short-term loans from financial institutions	637	-	-	70	707	2%
Long-term loans from financial institutions	105	95	-	3,303	3,503	2%, 4%
Company's separate financial statements						
Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Total	Fixed Interest rate (% p.a.)
	(Million Baht)					
Financial assets						
Cash equivalents (excluding cash)	-	-	-	81	81	-
Long-term loans to subsidiaries	-	-	-	1,395	1,395	-
Financial liabilities						
Short-term loans from financial institutions	415	-	-	70	485	2%
Long-term loans from subsidiaries	-	-	-	996	996	-
Long-term loans from financial institutions	-	-	-	732	732	-

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18.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk relates primarily to their receivables, payables and loans which 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, which currently are not hedged by any derivative financial instrument.

The Company and subsidiaries have entered into forward exchange contracts to hedge their hotel revenues which are denominated in foreign currencies. Forward exchange contracts outstanding as at 30 June 2007 are summarised below.

<u>Foreign currency</u>	<u>Outstanding amount bought</u>	<u>Forward rate for outstanding amount</u> (Baht per US dollar)	<u>Maturity</u>
<u>The Company</u>			
US dollar	12.0 million	41.57	USD 1.2 million due quarterly from 31 January 2008 to 30 April 2008 and USD 1.6 million due quarterly from 31 July 2008 to 31 October 2009
US dollar	5.8 million	40.03	USD 1.2 million due quarterly from 31 July 2007 to 31 October 2007 and USD 1.7 million due quarterly from 31 January 2010 to 30 April 2010
<u>Subsidiaries</u>			
US dollar	1.3 million	39.32	USD 0.6 million due quarterly from 31 July 2007 to 31 October 2007
US dollar	15.0 million	34.01	USD 0.8 million due quarterly from 31 March 2008 to 31 December 2008, USD 0.9 million due quarterly from 31 March 2009 to 31 December 2009, USD 1.0 million due quarterly from 31 March 2010 to 31 December 2010 and USD 1.1 million due quarterly from 31 March 2011 to 31 December 2011

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Below is a summary of the Company and its subsidiaries' unhedged foreign currency-denominated assets/liabilities as at 30 June 2007.

(Unit: Thousand)

<u>Foreign currency</u>	<u>Consolidated financial statements</u>		<u>Company's separate financial statements</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
US dollar	11,491	486	97	23
Singapore dollar	820	1,022	-	513

19. SUBSEQUENT EVENTS

On 4 July 2007, the Company's extraordinary general meeting approved an increase of the registered capital by Baht 1,270,052,150 from Baht 846,701,430 to Baht 2,116,753,580 divided into 211,675,358 ordinary shares by an issue of 127,005,215 new ordinary shares at the par value of Baht 10 each. The allotment offered by way of rights issue to the existing shareholders at the ratio of 1 existing share to 1.5 new ordinary shares at the offering price of Baht 10 per share.

On 5 July 2007, the Ministry of Commerce accepted the registration for the increase of the company's registered capital from Baht 846,701,430 to Baht 2,116,753,580 following with the registration of its paid-up capital from Baht 846,701,430 to Baht 1,666,827,010 on 27 July 2007.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company's Board of Directors on 10 August 2007.