

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries

Review report and interim consolidated financial statements
For the three-month and nine-month periods ended
30 September 2008 and 2007

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 September 2008, the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2008 and 2007, and the consolidated statements of changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 2008 and 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 reviews. 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 September 2008, these subsidiaries had total assets of Baht 1,779 million (31 December 2007: Baht 1,847 million), and total revenues for the three-month and nine-month periods ended 30 September 2008 of Baht 63 million and Baht 316 million, respectively (30 September 2007: Baht 73 million and Baht 293 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 reviews 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 reviews 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 2007 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements, under my report dated 26 February 2008, and based on the report of the other auditor of aforesaid subsidiaries. The consolidated and separate balance sheet as at 31 December 2007, 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.

A handwritten signature in black ink, appearing to read 'Sophon Permsirivallop'.

Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited
Bangkok: 11 November 2008

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

| | Consolidated | | Separate | | |
|--|-----------------------------|-------------------|-----------------------------|-------------------|------------------|
| | financial statements | | financial statements | | |
| | Note | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 464,703 | 1,533,422 | 25,797 | 855,576 |
| Trade accounts receivable - net | 3 | 1,341,792 | 1,726,422 | 450,333 | 583,538 |
| Amounts due from related companies | 4 | 164,863 | 108,861 | 92,213 | 57,038 |
| Inventories - net | | 171,412 | 158,104 | 18,293 | 17,135 |
| Property development cost - net | 5 | 939,477 | 875,920 | 161,033 | 221,484 |
| Other current assets | | 427,827 | 340,936 | 134,610 | 171,150 |
| Total current assets | | 3,510,074 | 4,743,665 | 882,279 | 1,905,921 |
| Non-current assets | | | | | |
| Restricted deposits at financial institution | | 2,140 | 2,140 | - | - |
| Long-term trade accounts receivable | 6 | 729,979 | 278,616 | 424,086 | - |
| Investments in subsidiaries | 7 | - | - | 3,492,207 | 3,491,258 |
| Investments in associated companies | 8 | 383,033 | 269,105 | - | - |
| Other long-term investments | 9 | 210,398 | 210,399 | 13,674 | 13,674 |
| Long-term loans to subsidiaries | 4 | - | - | 1,407,691 | 1,480,600 |
| Long-term loan to associated company | 4 | 301,154 | 298,708 | - | - |
| Long-term loans to employees | 4 | 36,593 | 34,045 | 15,724 | 10,803 |
| Property, plant and equipment - net | 10 | 18,365,689 | 18,667,452 | 1,977,589 | 2,001,249 |
| Land awaiting development | 10 | 809,180 | 432,124 | 28,639 | 28,639 |
| Leasehold rights - net | | 34,145 | 45,069 | - | - |
| Goodwill on business combination | | 385,492 | 19,795 | - | - |
| Other non-current assets | | 54,146 | 12,720 | 11,039 | 6,863 |
| Total non-current assets | | 21,311,949 | 20,270,173 | 7,370,649 | 7,033,086 |
| Total assets | | 24,822,023 | 25,013,838 | 8,252,928 | 8,939,007 |

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)

| | Note | Consolidated | | Separate | |
|--|------|-----------------------------|------------------|-----------------------------|------------------|
| | | financial statements | | financial statements | |
| | | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 11 | 268,000 | 862,000 | 115,000 | 470,000 |
| Trade accounts payable | | 219,307 | 271,473 | 15,465 | 33,420 |
| Current portion of long-term loans from financial institutions | 13 | 916,727 | 824,914 | 266,000 | 233,000 |
| Amounts due to related companies | 4 | 46,193 | 71,455 | 86,597 | 62,220 |
| Corporate income tax payable | | 29,493 | 101,015 | - | - |
| Other current liabilities | 12 | 1,153,978 | 1,404,940 | 240,002 | 284,822 |
| Total current liabilities | | 2,633,698 | 3,535,797 | 723,064 | 1,083,462 |
| Non-current liabilities | | | | | |
| Long-term loans from subsidiaries | 4 | - | - | 750,640 | 1,040,350 |
| Long-term loans from financial institutions | | | | | |
| - net of current portion | 13 | 2,303,974 | 2,480,348 | 199,500 | 399,000 |
| Other non-current liabilities | | 107,246 | 90,600 | 26,056 | 5,878 |
| Total non-current liabilities | | 2,411,220 | 2,570,948 | 976,196 | 1,445,228 |
| Total liabilities | | 5,044,918 | 6,106,745 | 1,699,260 | 2,528,690 |

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 | | Separate | |
|---|-----------------------------|-------------------|-----------------------------|-------------------|
| | financial statements | | financial statements | |
| | Note | 30 September 2008 | 31 December 2007 | 30 September 2008 |
| | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Shareholders' equity | | | | |
| Share capital | | | | |
| Registered | | | | |
| 211,675,358 ordinary shares of Baht 10 each | 2,116,754 | 2,116,754 | 2,116,754 | 2,116,754 |
| Issued and paid-up | | | | |
| 166,682,701 ordinary shares of Baht 10 each | 1,666,827 | 1,666,827 | 1,666,827 | 1,666,827 |
| 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 | 9,708,136 | 9,869,857 | 1,570,063 | 1,592,542 |
| Unrealised loss on available-for-sale securities | 9 (28,856) | (28,856) | (10,176) | (10,176) |
| Translation adjustment | 95,174 | 74,347 | - | - |
| Retained earnings | | | | |
| Appropriated - statutory reserve | 119,347 | 84,670 | 119,347 | 84,670 |
| Unappropriated | 4,391,634 | 3,431,674 | 1,145,146 | 1,013,993 |
| | 4,510,981 | 3,516,344 | 1,264,493 | 1,098,663 |
| Equity attributable to the company's shareholders | 18,649,422 | 17,795,679 | 6,553,668 | 6,410,317 |
| Minority interest - equity attributable to | | | | |
| minority shareholders of subsidiaries | 1,127,683 | 1,111,414 | - | - |
| Total shareholders' equity | 19,777,105 | 18,907,093 | 6,553,668 | 6,410,317 |
| Total liabilities and shareholders' equity | 24,822,023 | 25,013,838 | 8,252,928 | 8,939,007 |

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 September 2008 and 2007

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|------------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2008 | 2007 | 2008 | 2007 |
| Revenues | | | | |
| Revenues from hotel operations | 726,742 | 777,009 | 83,924 | 83,040 |
| Revenues from property development operations | 517,425 | 376,278 | 149,480 | 151,303 |
| Revenues from office rental operations | 18,654 | 19,326 | - | - |
| Interest income | 21,687 | 17,695 | 27,120 | 25,534 |
| Foreign exchange gain | 753 | 12,693 | 86 | 5,622 |
| Dividend income | - | - | 267,998 | - |
| Other income | 53,024 | 7,521 | 4,709 | 4,492 |
| Share of income from investments in associated companies | 15,082 | 3,431 | - | - |
| Total revenues | 1,353,367 | 1,213,953 | 533,317 | 269,991 |
| Expenses | | | | |
| Cost of hotel operations | 354,501 | 327,827 | 31,784 | 32,284 |
| Cost of property development operations | 238,175 | 147,054 | 67,120 | 76,846 |
| Cost of office rental operations | 10,845 | 12,123 | - | - |
| Depreciation | 103,124 | 92,095 | 14,467 | 11,495 |
| Selling and administrative expenses | 498,375 | 493,453 | 116,651 | 116,059 |
| Directors' remuneration | 2,913 | 927 | 2,913 | 927 |
| Total expenses | 1,207,933 | 1,073,479 | 232,935 | 237,611 |
| Income before interest expenses and income tax | 145,434 | 140,474 | 300,382 | 32,380 |
| Interest expenses | (50,374) | (52,545) | (22,617) | (28,264) |
| Corporate income tax | (7,318) | (12,750) | - | - |
| Net income for the period | 87,742 | 75,179 | 277,765 | 4,116 |
| Net income attributable to: | | | | |
| Equity holders of the parent | 82,909 | 70,313 | 277,765 | 4,116 |
| Minority interest of the subsidiaries | 4,833 | 4,866 | | |
| | 87,742 | 75,179 | | |
| Basic earnings per share | | | | |
| Net income attributable to equity holders of the parent (Baht) | 0.50 | 0.47 | 1.67 | 0.03 |
| Weighted average number of ordinary shares (shares) | 166,682,701 | 149,455,358 | 166,682,701 | 149,455,358 |

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 nine-month periods ended 30 September 2008 and 2007

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|------------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 2008 | 2007 | 2008 | 2007 |
| Revenues | | | | |
| Revenues from hotel operations | 2,991,503 | 2,856,358 | 379,507 | 372,937 |
| Revenues from property development operations | 2,200,417 | 1,328,683 | 751,013 | 245,280 |
| Revenues from office rental operations | 49,896 | 51,085 | - | - |
| Interest income | 53,781 | 49,090 | 67,057 | 68,039 |
| Foreign exchange gain | 1,927 | 8,907 | 4,789 | 32,130 |
| Dividend income | - | - | 267,998 | - |
| Other income | 210,994 | 29,307 | 67,058 | 34,171 |
| Share of income from investments in associated companies | 93,503 | - | - | - |
| Total revenues | 5,602,021 | 4,323,430 | 1,537,422 | 752,557 |
| Expenses | | | | |
| Cost of hotel operations | 1,165,669 | 1,020,855 | 110,894 | 111,709 |
| Cost of property development operations | 932,087 | 596,285 | 307,846 | 123,187 |
| Cost of office rental operations | 28,041 | 30,183 | - | - |
| Depreciation | 310,633 | 270,157 | 42,122 | 33,045 |
| Selling and administrative expenses | 1,723,228 | 1,553,782 | 374,867 | 340,450 |
| Directors' remuneration | 5,532 | 3,689 | 5,532 | 3,689 |
| Share of loss from investment in associated company | - | 5,784 | - | - |
| Total expenses | 4,165,190 | 3,480,735 | 841,261 | 612,080 |
| Income before interest expenses and income tax | 1,436,831 | 842,695 | 696,161 | 140,477 |
| Interest expenses | (136,682) | (171,263) | (63,620) | (84,423) |
| Corporate income tax | (152,348) | (121,631) | - | - |
| Net income for the period | 1,147,801 | 549,801 | 632,541 | 56,054 |
| Net income attributable to: | | | | |
| Equity holders of the parent | 1,095,651 | 502,958 | 632,541 | 56,054 |
| Minority interest of the subsidiaries | 52,150 | 46,843 | - | - |
| | 1,147,801 | 549,801 | | |
| Basic earnings per share | | | | |
| Net income attributable to equity holders of the parent (Baht) | 6.57 | 4.72 | 3.79 | 0.53 |
| Weighted average number of ordinary shares (shares) | 166,682,701 | 106,502,523 | 166,682,701 | 106,502,523 |

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 nine-month periods ended 30 September 2008 and 2007

| | Consolidated financial statements | | | | | | | Minority interest - equity attributable to minority shareholders of subsidiaries | Total | |
|--|--|-------------------------------|-----------------|------------------------|--|---------------------------|--|--|------------------|-------------------|
| | Issued and paid-up share capital | Premium on ordinary shares | Capital reserve | Revaluation surplus | Unrealised loss on available-for-sale securities | Translation adjustment | Retained earnings Appropriated - statutory reserve | | | Unappropriated |
| Balance as at 31 December 2006 | 846,701 | 2,062,461 | 634,699 | 1,789,995 | (28,856) | 72,905 | 84,670 | 2,353,782 | 765,293 | 8,581,650 |
| Share capital increase | 820,126 | - | - | - | - | - | - | - | - | 820,126 |
| Sale of controlling interest in former subsidiary | - | - | - | - | - | - | - | - | (134,038) | (134,038) |
| Amortisation of revaluation surplus | - | - | - | (27,513) | - | - | - | - | (5,303) | (32,816) |
| Reversal of revaluation surplus for land transferred to property development cost | - | - | - | (17,928) | - | - | - | - | - | (17,928) |
| Translation adjustment | - | - | - | - | - | (2,339) | - | - | (861) | (3,200) |
| Net income for the period | - | - | - | - | - | - | - | 502,958 | 46,843 | 549,801 |
| Dividend paid (Note 15) | - | - | - | - | - | - | - | (211,675) | - | (211,675) |
| Balance as at 30 September 2007 | <u>1,666,827</u> | <u>2,062,461</u> | <u>634,699</u> | <u>1,744,554</u> | <u>(28,856)</u> | <u>70,566</u> | <u>84,670</u> | <u>2,645,065</u> | <u>671,934</u> | <u>9,551,920</u> |
| Balance as at 31 December 2007 | 1,666,827 | 2,062,461 | 634,699 | 9,869,857 | (28,856) | 74,347 | 84,670 | 3,431,674 | 1,111,414 | 18,907,093 |
| - as previously reported | - | - | - | - | - | - | - | 365,697 | - | 365,697 |
| Cumulative effect of the negative goodwill arising before 1 January 2008 (Note 2.3) | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 December 2007 | <u>1,666,827</u> | <u>2,062,461</u> | <u>634,699</u> | <u>9,869,857</u> | <u>(28,856)</u> | <u>74,347</u> | <u>84,670</u> | <u>3,797,371</u> | <u>1,111,414</u> | <u>19,272,790</u> |
| - after adjustment | - | - | - | (85,550) | - | - | - | - | (8,550) | (94,100) |
| Amortisation of revaluation surplus | - | - | - | - | - | - | - | - | - | - |
| Reversal of revaluation surplus for land transferred to property development cost | - | - | - | (76,171) | - | - | - | - | - | (76,171) |
| Translation adjustment | - | - | - | - | - | 20,827 | - | - | 1,089 | 21,916 |
| Minority interest as at date of acquisition of subsidiary | - | - | - | - | - | - | - | - | 51 | 51 |
| Minority interest from increase in share capital of subsidiary | - | - | - | - | - | - | - | - | 1,530 | 1,530 |
| Net income for the period | - | - | - | - | - | - | - | 1,095,651 | 52,150 | 1,147,801 |
| Transferred to statutory reserve (Note 14) | - | - | - | - | - | - | 34,677 | (34,677) | - | - |
| Dividend paid to minority interest by subsidiaries | - | - | - | - | - | - | - | - | (30,001) | (30,001) |
| Dividend paid (Note 15) | - | - | - | - | - | - | - | (466,711) | - | (466,711) |
| Balance as at 30 September 2008 | <u>1,666,827</u> | <u>2,062,461</u> | <u>634,699</u> | <u>9,708,136</u> | <u>(28,856)</u> | <u>95,174</u> | <u>119,347</u> | <u>4,391,634</u> | <u>1,127,683</u> | <u>19,777,105</u> |

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 nine-month periods ended 30 September 2008 and 2007

| | Separate financial statements | | | | | | |
|--|-------------------------------------|-------------------------------|------------------------|--|-------------------------------------|------------------|------------------|
| | Issued and paid-up share capital | Premium on ordinary shares | Revaluation surplus | Unrealised loss on available-for-sale securities | Retained earnings | | Total |
| | | | | | Appropriated - statutory reserve | Unappropriated | |
| Balance as at 31 December 2006 | 846,701 | 2,062,461 | 428,608 | (10,176) | 84,670 | 532,125 | 3,944,389 |
| Share capital increase | 820,126 | - | - | - | - | - | 820,126 |
| Amortisation of revaluation surplus | - | - | (7,734) | - | - | - | (7,734) |
| Reversal of revaluation surplus for land transferred to property development cost | - | - | (11,578) | - | - | - | (11,578) |
| Net income for the period | - | - | - | - | - | 56,054 | 56,054 |
| Dividend paid (Note 15) | - | - | - | - | - | (211,675) | (211,675) |
| Balance as at 30 September 2007 | <u>1,666,827</u> | <u>2,062,461</u> | <u>409,296</u> | <u>(10,176)</u> | <u>84,670</u> | <u>376,504</u> | <u>4,589,582</u> |
| Balance as at 31 December 2007 | 1,666,827 | 2,062,461 | 1,592,542 | (10,176) | 84,670 | 1,013,993 | 6,410,317 |
| Amortisation of revaluation surplus | - | - | (22,479) | - | - | - | (22,479) |
| Net income for the period | - | - | - | - | - | 632,541 | 632,541 |
| Transferred to statutory reserve (Note 14) | - | - | - | - | 34,677 | (34,677) | - |
| Dividend paid (Note 15) | - | - | - | - | - | (466,711) | (466,711) |
| Balance as at 30 September 2008 | <u>1,666,827</u> | <u>2,062,461</u> | <u>1,570,063</u> | <u>(10,176)</u> | <u>119,347</u> | <u>1,145,146</u> | <u>6,553,668</u> |

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 nine-month periods ended 30 September 2008 and 2007

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|----------------|----------------------|-----------------|
| | financial statements | | financial statements | |
| | 2008 | 2007 | 2008 | 2007 |
| Cash flows from operating activities | | | | |
| Net income before tax | 1,300,149 | 671,432 | 632,541 | 56,054 |
| Adjustments to reconcile net income to net cash provided by (paid from) operating activities: | | | | |
| Depreciation | 310,633 | 270,157 | 42,122 | 33,045 |
| Amortisation of leasehold rights | 1,847 | 2,672 | - | - |
| Amortisation of (negative goodwill) / goodwill on consolidation | - | 383 | - | - |
| Reversal of allowance for doubtful accounts | (351) | (341) | - | - |
| Provision for obsolete inventories (reversal) | (2,538) | 2,924 | - | - |
| Share of loss (income) from investments in associated companies | (93,503) | 5,784 | - | - |
| Unrealised foreign exchange loss (gain) | 37,986 | 9,261 | 34,066 | (22,057) |
| Loss (gain) on sales of property, plant and equipment | (682) | 493 | (175) | (17) |
| Write off property, plant and equipment | 2,636 | 346 | - | - |
| Gain on sale of investment | - | (6,177) | - | - |
| Gain on sale of leasehold rights | (3,376) | - | - | - |
| Gain on reduction in share capital of associated company | (71,816) | - | - | - |
| Interest expenses | 136,682 | 171,263 | 63,620 | 84,423 |
| Income from operating activities before changes in operating assets and liabilities | 1,617,667 | 1,128,197 | 772,174 | 151,448 |
| Decrease (increase) in operating assets | | | | |
| Trade accounts receivable | 384,982 | 219,249 | 133,205 | (2,892) |
| Amounts due from related companies | (56,002) | (28,691) | (36,218) | (21,544) |
| Inventories | (10,770) | (21,350) | (1,158) | 2,405 |
| Property development cost | 25,188 | (300,413) | 60,451 | (185,551) |
| Other current assets | (105,552) | (37,597) | 2,474 | 7,689 |
| Long-term trade accounts receivable | (451,363) | (100,683) | (424,086) | - |
| Other non-current assets | (41,426) | 3,281 | (4,175) | (1,361) |
| Increase (decrease) in operating liabilities | | | | |
| Trade accounts payable | (52,166) | (19,083) | (17,956) | (6,385) |
| Amounts due to related companies | (25,261) | (33,744) | 25,442 | (5,489) |
| Other current liabilities | (243,264) | (13,413) | (43,381) | 55,121 |
| Other non-current liabilities | 16,646 | 27,125 | 20,179 | (853) |
| Cash flow from operating activities | 1,058,679 | 822,878 | 486,951 | (7,412) |
| Cash paid for interest expense | (140,519) | (172,785) | (65,081) | (87,152) |
| Cash paid for corporate income tax | (239,250) | (213,076) | - | - |
| Net cash from (used in) operating activities | 678,910 | 437,017 | 421,870 | (94,564) |

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 nine-month periods ended 30 September 2008 and 2007

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|------------------|----------------------|------------------|
| | financial statements | | financial statements | |
| | 2008 | 2007 | 2008 | 2007 |
| Cash flows from investing activities | | | | |
| Decrease (increase) in long-term loans to subsidiaries | - | - | 72,909 | (372,000) |
| Increase in long-term loans to associated company | - | (36,393) | - | - |
| Increase in long-term loans to employees | (2,548) | - | (4,921) | - |
| Cash payments for acquisition of land awaiting for development | (376,256) | - | - | - |
| Cash payments for acquisition of property, plant and equipment | (282,044) | (617,112) | (41,089) | (64,137) |
| Cash received from sales of property, plant and equipment | 2,740 | 2,000 | 322 | 48 |
| Purchase of investment in subsidiary | - | - | (949) | - |
| Purchase of investment in associated company | (41,354) | - | - | - |
| Cash decreased from sale of investment in subsidiary | - | (145,167) | - | - |
| Cash received from reduction in share capital of associated company | 112,358 | - | - | - |
| Cash received from sale of leasehold rights | 13,167 | - | - | - |
| Net cash from (used in) investing activities | (573,937) | (796,672) | 26,272 | (436,089) |
| Cash flows from financing activities | | | | |
| Cash received from share capital increase | - | 820,126 | - | 820,126 |
| Cash received from investment in subsidiary of minority interest | 1,581 | - | - | - |
| Payment of dividends | (496,712) | (211,675) | (466,711) | (211,675) |
| Increase (decrease) in short-term loans from financial institutions | (594,000) | 285,000 | (355,000) | 125,000 |
| Increase (decrease) in long-term loans from subsidiaries | - | - | (289,710) | 616,500 |
| Draw down of long-term loans from financial institutions | 509,000 | 194,990 | - | - |
| Repayment of long-term loans from financial institutions | (593,561) | (467,073) | (166,500) | (90,000) |
| Net cash from (used in) financing activities | (1,173,692) | 621,368 | (1,277,921) | 1,259,951 |
| Net increase (decrease) in cash and cash equivalents | (1,068,719) | 261,713 | (829,779) | 729,298 |
| Cash and cash equivalents at beginning of period | 1,533,422 | 1,087,924 | 855,576 | 103,113 |
| Cash and cash equivalents at end of period | 464,703 | 1,349,637 | 25,797 | 832,411 |

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 nine-month periods ended 30 September 2008 and 2007

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Supplemental cash flows information:- | | | | |
| Non-cash items: | | | | |
| Restructure of investment to loan to associated company | - | 102,725 | - | - |
| Transferred land and construction to property development cost | 88,746 | 96,372 | - | 2,511 |
| Reversal of revaluation surplus for land transferred to property development cost | 76,171 | 17,928 | - | 11,578 |
| Amortisation of revaluation surplus | 94,100 | 32,816 | 22,479 | 7,734 |
| Translation adjustment of associated company | 19,611 | - | - | - |
| Transferred property, plant and equipment to land awaiting development | 800 | - | - | - |
| Utilise of allowance for doubtful accounts | 122 | 1,809 | 122 | - |
| Derecognition of previously recognised negative goodwill | 365,697 | - | - | - |

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2008 and 2007

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 Thani Laguna Phuket, 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 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 (revised 2007) "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)

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

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 2007. There has been a change in the composition of the subsidiaries during the current period as follows:

In June 2008, the Company invested in the ordinary shares of Laguna Lakes Limited, which is newly established and engaged in property development, amounting to Baht 949,300 representing a 94.93% interest in registered and paid-up shares.

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 September 2008 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 Limited | 15.8% | 0.7% |
| Bangtao Grande Limited | 6.0% | 12.9% |
| Laguna Beach Club Limited | 4.0% | 5.6% |
| Laguna Banyan Tree Limited | 13.2% | 20.3% |
| Laguna Grande Limited | 8.0% | 3.7% |
| Laguna Holiday Club Limited | 3.5% | 5.5% |
| Laguna (1) Limited | 3.1% | - |
| Phuket Resort Development Limited | 4.3% | - |
| TWR - Holdings Limited | 1.6% | 3.3% |
| Thai Wah Plaza Limited | 13.8% | 20.3% |

2.3 Accounting Standards which are effective for the current year

| | |
|-----------------------|---|
| TAS 25 (revised 2007) | Cash Flow Statements |
| TAS 29 (revised 2007) | Leases |
| TAS 31 (revised 2007) | Inventories |
| TAS 33 (revised 2007) | Borrowing Costs |
| TAS 35 (revised 2007) | Presentation of Financial Statements |
| TAS 39 (revised 2007) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 41 (revised 2007) | Interim Financial Reporting |
| TAS 43 (revised 2007) | Business Combinations |
| TAS 49 (revised 2007) | Construction Contracts |
| TAS 51 | Intangible Assets |

These accounting standards became effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 49 is not relevant to the business of the Company, whereas TAS 25, TAS 29, TAS 31, TAS 33, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact on the financial statements for the current period. The following accounting standard has an impact to the financial statements for the current period.

TAS 43 (revised 2007) "Business Combinations"

TAS 43 (revised 2007) does not require the amortisation of goodwill and negative goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. Such negative goodwill is instead to be recognised immediately in income statements. This accounting standard applies to goodwill and negative goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008. Previously recognised negative goodwill is adjusted to the opening balance of retained earnings, as from the beginning of the first fiscal year starting on or after 1 January 2008.

(Unaudited but reviewed)

2.4 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 2007, except for the following change in the accounting policy.

Goodwill / negative goodwill on business combination

Goodwill on business combination is presented in the balance sheet at cost less accumulated impairment loss. Negative goodwill on business combination is recognised in income statements when incurred.

3. Trade accounts receivable

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| Trade accounts receivable - hotel operations | 192,592 | 483,773 | 21,639 | 82,574 |
| Less: Allowance for doubtful accounts | (8,262) | (8,735) | (1,761) | (1,884) |
| Trade accounts receivable - hotel operations, net | 184,330 | 475,038 | 19,878 | 80,690 |
| Trade accounts receivable - sales of property | | | | |
| - Installments due | 321,055 | 113,947 | 255,587 | 54,555 |
| - Unbilled receivable (not yet due) | 523,974 | 780,615 | 135,417 | 448,293 |
| Current portion of long-term trade accounts receivable (Note 6) | 136,231 | 203,221 | 39,451 | - |
| Trade accounts receivable - sales of property | 981,260 | 1,097,783 | 430,455 | 502,848 |
| Trade accounts receivable - sales of holiday club memberships | | | | |
| - Installments due | 35,842 | 21,593 | - | - |
| Current portion of long-term trade accounts receivable (Note 6) | 142,960 | 134,608 | - | - |
| Total | 178,802 | 156,201 | - | - |
| Less: Allowance for doubtful accounts | (2,600) | (2,600) | - | - |
| Trade accounts receivable - sales of holiday club memberships, net | 176,202 | 153,601 | - | - |
| Trade accounts receivable - net | 1,341,792 | 1,726,422 | 450,333 | 583,538 |

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| <u>Age of receivables</u> | | | | |
| Not yet due | 50,900 | 233,501 | 2,045 | 24,795 |
| Past due | | | | |
| Less than 30 days | 67,099 | 152,095 | 8,928 | 38,205 |
| 31 - 60 days | 37,930 | 49,569 | 7,921 | 14,135 |
| 61 - 90 days | 5,649 | 7,905 | 666 | 2,090 |
| 91 - 120 days | 10,215 | 17,654 | 202 | 716 |
| More than 120 days | 20,799 | 23,049 | 1,877 | 2,633 |
| Total | 192,592 | 483,773 | 21,639 | 82,574 |
| Less: Allowance for doubtful accounts | (8,262) | (8,735) | (1,761) | (1,884) |
| Trade accounts receivable - hotel operations, net | 184,330 | 475,038 | 19,878 | 80,690 |

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

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| <u>Age of receivables</u> | | | | |
| Past due | | | | |
| Less than 30 days | 271,950 | 90,977 | 231,641 | 46,106 |
| 31 - 60 days | 11,603 | 15,565 | 5,289 | 3,597 |
| 61 - 90 days | 18,568 | 7,217 | 12,756 | 4,818 |
| 91 - 120 days | 3,500 | - | - | - |
| More than 120 days | 15,434 | 188 | 5,901 | 34 |
| Trade accounts receivable - sales of property | | | | |
| - installment due | 321,055 | 113,947 | 255,587 | 54,555 |

(Unaudited but reviewed)

The outstanding balances of trade accounts receivable - sales of holiday club memberships operations are aged, based on due date, as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| <u>Age of receivables</u> | | | | |
| Past due | | | | |
| Less than 30 days | 28,437 | 15,269 | - | - |
| 31 - 60 days | 1,368 | 3,040 | - | - |
| 61 - 90 days | 962 | 1,537 | - | - |
| 91 - 120 days | 706 | 976 | - | - |
| More than 120 days | 4,369 | 771 | - | - |
| Total | 35,842 | 21,593 | - | - |
| Less: Allowance for doubtful accounts | (2,600) | (2,600) | - | - |
| Trade accounts receivable - sales of holiday club memberships, net | 33,242 | 18,993 | - | - |

4. Related party transactions

During the period, 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 Company, its subsidiaries and related parties. 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 parties

(Unit: Million Baht)

| | Payee | Payer | For the three-month periods ended | | For the nine-month periods ended | | Transfer pricing policy |
|------------------------|----------------------|---------|-----------------------------------|------|----------------------------------|------|-------------------------|
| | | | 30 September | | 30 September | | |
| | | | 2008 | 2007 | 2008 | 2007 | |
| Interest | LBTL | LBTH | 5.4 | 4.6 | 15.2 | 13.6 | (15) agreement |
| | Others | | 0.8 | - | 1.0 | - | (22) agreement |
| Reimbursement of costs | BTH | LRH | 3.5 | - | 43.1 | 23.6 | (2) agreed basis |
| | BTHR | LBTL | 7.4 | 11.2 | 25.9 | 33.6 | (2) agreed basis |
| | BTHR | LRH | 0.2 | 0.1 | 1.1 | 0.3 | (2) agreed basis |
| | BTHR | TWPL | 1.8 | 3.9 | 7.3 | 10.7 | (2) agreed basis |
| | BTRS(T) | BTG(T) | 0.7 | 1.1 | 2.1 | 2.1 | (2) agreed basis |
| | BTRS(T) | LBTL | 0.6 | 0.2 | 1.2 | 0.5 | (2) agreed basis |
| | BTRS(T) | TWPL | 0.9 | 0.5 | 2.1 | 1.8 | (2) agreed basis |
| | LBC | BTHR | - | - | 1.0 | - | (2) agreed basis |
| | LBTL | BTHR | 1.0 | 1.4 | 13.4 | 6.3 | (2) agreed basis |
| | LBTL | BTRS | 4.8 | - | 7.6 | 0.2 | (2) agreed basis |
| | LBTL | BTRS(T) | 2.8 | 2.4 | 7.1 | 6.4 | (2) agreed basis |
| | LBTL | LBTH | 3.7 | 0.1 | 6.9 | 0.2 | (2) agreed basis |
| | LBTL | PTBH | 4.5 | - | 6.7 | 0.2 | (2) agreed basis |
| | LGL | BYI | 1.6 | - | 3.3 | - | (2) agreed basis |
| | LGL | LVCL | 1.8 | - | 1.8 | - | (2) agreed basis |
| | LRH | BTHR | 9.9 | 1.4 | 28.7 | 3.8 | (2) agreed basis |
| | LRH | BTR | 0.7 | 0.6 | 2.2 | 2.0 | (2) agreed basis |
| | LRH | BTRS(T) | 1.6 | 0.3 | 2.8 | 0.6 | (2) agreed basis |
| | PTBH | AVCI | 2.0 | 3.0 | 10.9 | 9.9 | (2) agreed basis |
| | TWPL | BTHR | 2.9 | 4.2 | 8.5 | 13.8 | (2) agreed basis |
| | TWPL | BTRS(T) | 4.7 | 2.0 | 11.3 | 5.6 | (2) agreed basis |
| | TWPL | LBTH | 0.9 | 0.4 | 1.1 | 0.9 | (2) agreed basis |
| | TWPL | TWFP | 0.6 | 0.5 | 1.2 | 0.9 | (2) agreed basis |
| | TWPL | USC | 0.8 | 0.8 | 1.4 | 1.1 | (2) agreed basis |
| | Others | | 1.6 | 1.2 | 7.4 | 4.5 | (2) agreed basis |
| | Inter resort charges | BTRS(T) | BGL | 3.6 | 6.7 | 16.6 | 19.3 |
| BTRS(T) | | LBC | 1.5 | 2.2 | 6.5 | 6.9 | (3) agreed basis |
| BTRS(T) | | LBTL | 13.4 | 12.8 | 42.9 | 43.8 | (3) agreed basis |
| BTRS(T) | | LHC | 0.4 | 0.3 | 1.4 | 1.3 | (3) agreed basis |
| BTRS(T) | | LRH | 2.1 | 2.7 | 8.2 | 9.4 | (3) agreed basis |
| BTRS(T) | | TWPL | 4.9 | 6.3 | 17.2 | 17.1 | (3) agreed basis |
| Others | | | - | - | 0.1 | - | (3) agreed basis |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Payee | Payer | For the three-month | | For the nine-month | | Transfer pricing policy | |
|---------------------------------|-------------------|---------|---------------------|------|--------------------|------|----------------------------|-----------------------|
| | | | periods ended | | periods ended | | | |
| | | | 30 September | | 30 September | | | |
| | | 2008 | 2007 | 2008 | 2007 | | | |
| Credit card commission | TWPL | BTRS(T) | 0.2 | 0.3 | 0.8 | 0.8 | (4) agreed basis | |
| | Others | | 0.2 | 0.1 | 0.6 | 0.6 | (4) agreed basis | |
| Commission on spa guests | LBC | BTRS(T) | 0.2 | 0.2 | 0.7 | 0.6 | (5) agreed basis | |
| Commission on consignment sales | Others | | 0.6 | 0.8 | 2.2 | 2.6 | (17) agreed basis | |
| Resort service charges | LSC | BTRS(T) | 2.0 | 1.7 | 5.9 | 4.7 | (6) agreed basis | |
| Management fees | BTHR | LBTL | 13.7 | 15.1 | 64.2 | 62.6 | (8)(i), (iv) agreement | |
| | BTHR | LGL | 0.4 | 0.5 | 3.0 | 3.3 | (8)(ii) agreement | |
| | BTHR | TWPL | 14.2 | 16.1 | 50.7 | 49.1 | (8)(iii), (iv) agreement | |
| | Others | | - | - | - | 0.3 | (7) agreements | |
| Rent and service | BGL | BTRS(T) | 0.3 | 0.5 | 1.3 | 1.6 | (10)(i) agreement | |
| | BTP | BTG(S) | 1.1 | - | 3.0 | - | (10)(x) agreement | |
| | LBTL | BTRS(T) | 1.5 | 1.5 | 4.9 | 5.0 | (10)(i) agreement | |
| | LRH | BTRS(T) | 0.3 | 0.3 | 1.0 | 1.1 | (10)(i) agreement | |
| | TWPL | BTRS(T) | 1.1 | 1.6 | 3.8 | 4.5 | (10)(i), (ii) agreement | |
| | TWPL | TDC | 0.5 | 0.5 | 1.5 | 1.4 | (10)(ii) agreement | |
| | TWPL | TWFP | 1.5 | 1.4 | 4.4 | 4.1 | (10)(ii) agreement | |
| | TWPL | USC | 1.7 | 1.9 | 5.2 | 5.9 | (10)(ii) agreement | |
| | Others | | 0.5 | 0.3 | 1.1 | 1.4 | (10) agreement | |
| | Purchase of goods | BTG(S) | BTHR | 2.7 | - | 3.7 | 0.3 | (9)(iii) agreed basis |
| BTG(S) | | BTRS | 0.3 | 0.7 | 4.3 | 2.4 | (9)(iii) agreed basis | |
| BTG(S) | | BTS(HK) | 13.5 | - | 15.8 | - | (9)(iii) agreed basis | |
| BTG(S) | | BTS | 10.9 | - | 10.9 | - | (9)(iii) agreed basis | |
| BTG(S) | | BTRS(T) | 0.3 | 0.7 | 0.6 | 1.3 | (9)(iii) agreed basis | |
| BTG(S) | | HSE | - | 0.1 | 0.4 | 0.5 | (9)(iii) agreed basis | |
| BTG(S) | | LBTH | 0.4 | 0.8 | 0.4 | 5.3 | (9)(iii) agreed basis | |
| BTG(S) | | MA | 0.3 | 0.4 | 0.8 | 3.4 | (9)(iii) agreed basis | |
| BTG(S) | | MB | 0.5 | 4.3 | 0.5 | 4.3 | (9)(iii) agreed basis | |
| BTG(S) | | PTBH | 1.0 | 0.4 | 2.9 | 3.0 | (9)(iii) agreed basis | |
| BTG(S) | | RSP | 0.3 | 0.2 | 0.8 | 0.6 | (9)(iii) agreed basis | |
| BTG(S) | | VM | 0.3 | 0.4 | 0.4 | 2.1 | (9)(iii) agreed basis | |
| BTG(S) | | WYLH | 0.1 | - | 1.4 | - | (9)(iii) agreed basis | |
| BTG(T) | | BTRS(T) | 1.0 | 0.6 | 2.5 | 2.2 | (9)(i), (iii) agreed basis | |
| Others | | | 0.1 | 1.2 | 2.0 | 2.7 | (9)(i), (iii) agreed basis | |
| Purchase of Gallery Vouchers | | BTG(S) | BTHR | - | - | 1.9 | 1.6 | (13) agreed basis |
| | | BTG(T) | BTRS(T) | - | - | 1.5 | 1.5 | (13) agreed basis |
| | Others | | 0.1 | - | 2.4 | 2.3 | (13) agreed basis | |
| Purchase of Spa Vouchers | BTS | LRH | - | - | 1.8 | 1.7 | (13) agreed basis | |
| | Others | | 0.1 | - | 0.4 | 1.6 | (13) agreed basis | |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Payee | Payer | For the three-month | | For the nine-month | | Transfer pricing policy |
|--|---------|-------|---------------------|------|--------------------|-------|--------------------------------|
| | | | periods ended | | periods ended | | |
| | | | 30 September | | 30 September | | |
| | | 2008 | 2007 | 2008 | 2007 | | |
| Spa service | BTRS(T) | LHC | 0.3 | 0.3 | 1.0 | 0.9 | (16) agreed basis |
| Rental return on hotel units | CGL | PTBH | 1.0 | 1.3 | 3.0 | 4.4 | (11) agreement |
| Sale of investment | LBTL | BTH | - | - | - | 102.7 | At premium over net book value |
| Sale of property | LBTL | KAP | - | - | - | 37.2 | (19) agreement |
| | LGL | KAP | - | - | - | 33.3 | (19) agreement |
| | LHC | MRA | 20.7 | - | 20.7 | - | (19) agreement |
| | LRH | CSN | - | - | 2.7 | - | At market price |
| | LRH | HLF | 0.6 | - | 9.7 | - | At market price |
| | LRH | KPH | - | - | 2.7 | - | At market price |
| | LRH | MRA | 10.2 | - | 19.9 | - | At market price |
| | LRH | SSK | - | - | 30.4 | - | (19) agreement |
| | TWPL | KPH | 10.4 | - | 18.6 | - | (19) agreement |
| | TWRH | SDR | - | - | 3.2 | - | (19) agreement |
| Purchase of hotel units | PTBH | AVCI | - | 14.8 | 13.0 | 14.8 | (20) agreed basis |
| Termination of leasehold rights of hotel units | CGL | KR | - | 14.6 | 13.0 | 14.6 | (20) agreed basis |

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

(Unit: Million Baht)

| | Payee | Payer | For the three-month | | For the nine-month | | Transfer pricing policy |
|----------|-------|-------|---------------------|------|--------------------|------|-------------------------|
| | | | periods ended | | periods ended | | |
| | | | 30 September | | 30 September | | |
| | | 2008 | 2007 | 2008 | 2007 | | |
| Interest | BGL | LGL | 14.8 | 13.0 | 43.4 | 39.6 | (1) agreement |
| | BTD | LGL | 0.6 | 0.7 | 1.4 | 2.2 | (1) agreement |
| | LBTL | AVCI | 1.3 | 0.8 | 3.4 | 2.0 | (1) agreement |
| | LGL | LRH | 15.1 | 13.4 | 43.2 | 35.9 | (1) agreement |
| | LHC | CGL | 0.6 | 0.8 | 1.8 | 3.2 | (1) agreement |
| | LHC | LRH | - | 1.5 | - | 3.1 | (1) agreement |
| | LRH | LBTL | 6.7 | 6.6 | 20.8 | 13.9 | (1) agreement |
| | LRH | LHC | 1.2 | - | 2.0 | - | (1) agreement |
| | LRH | LLL | 6.8 | - | 7.2 | - | (1) agreement |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Payee | Payer | For the three-month | | For the nine-month | | Transfer pricing policy |
|------------------------|--------|--------|---------------------|------|--------------------|------|-------------------------|
| | | | periods ended | | periods ended | | |
| | | | 30 September | | 30 September | | |
| | | 2008 | 2007 | 2008 | 2007 | | |
| Interest | LRH | TWRH | 6.3 | 16.1 | 26.9 | 48.3 | (1) agreement |
| | MCP | TWRH | 0.9 | 0.7 | 2.4 | 2.4 | (1) agreement |
| | PSD | TWRH | 2.7 | 2.3 | 7.5 | 7.9 | (1) agreement |
| | TWDC | PSD | 2.1 | 1.7 | 5.7 | 6.1 | (1) agreement |
| | TWRH | TWPL | 0.3 | 8.3 | 7.2 | 47.3 | (1) agreement |
| | TWT | TWPL | 0.7 | 0.4 | 1.5 | 1.3 | (1) agreement |
| | Others | | 0.9 | 0.2 | 1.6 | 1.3 | (1) agreement |
| Reimbursement of costs | AVCI | LHC | 0.2 | 0.9 | 2.3 | 3.3 | (2) agreed basis |
| | BGL | LHC | 1.4 | 1.3 | 3.6 | 3.9 | (2) agreed basis |
| | BGL | LRH | 0.8 | 0.3 | 1.6 | 1.4 | (2) agreed basis |
| | BGL | LSC | 0.3 | 0.3 | 1.1 | 0.8 | (2) agreed basis |
| | BTG(T) | BTG(S) | 1.9 | 0.2 | 3.4 | 0.5 | (2) agreed basis |
| | BTG(S) | BTG(T) | 0.6 | 0.1 | 1.2 | 0.5 | (2) agreed basis |
| | LBC | LSC | - | 0.1 | 1.1 | 0.9 | (2) agreed basis |
| | LBTL | BTG(T) | 0.3 | 0.1 | 1.2 | 0.7 | (2) agreed basis |
| | LBTL | LGL | 0.8 | 1.2 | 3.0 | 3.4 | (2) agreed basis |
| | LBTL | LHC | 1.2 | 0.4 | 2.0 | 0.8 | (2) agreed basis |
| | LBTL | LRH | 0.7 | 0.7 | 2.1 | 1.5 | (2) agreed basis |
| | LBTL | LSC | 0.5 | 0.5 | 1.8 | 1.4 | (2) agreed basis |
| | LBTL | TWPL | 4.6 | 0.4 | 7.6 | 5.6 | (2) agreed basis |
| | LEL | LHC | 1.0 | 0.6 | 3.3 | 1.9 | (2) agreed basis |
| | LGL | LBTL | 0.1 | 0.1 | 0.9 | 2.3 | (2) agreed basis |
| | LGL | LSC | 1.0 | - | 1.1 | - | (2) agreed basis |
| | LHC | AVCI | 0.5 | 0.5 | 1.5 | 1.5 | (2) agreed basis |
| | LHC | LBTL | 0.9 | 0.4 | 1.8 | 1.6 | (2) agreed basis |
| | LHC | LSC | - | 0.1 | 2.1 | 0.3 | (2) agreed basis |
| | LRH | BGL | 7.2 | 3.0 | 25.4 | 15.7 | (2) agreed basis |
| | LRH | LBC | 3.6 | 3.0 | 12.2 | 9.3 | (2) agreed basis |
| | LRH | LBTL | 6.9 | 3.7 | 21.8 | 15.3 | (2) agreed basis |
| | LRH | LGL | 0.3 | 0.2 | 1.7 | 1.0 | (2) agreed basis |
| | LRH | LHC | 1.2 | 1.8 | 3.9 | 5.4 | (2) agreed basis |
| | LRH | LSC | 0.9 | 1.0 | 3.8 | 3.0 | (2) agreed basis |
| | TWPL | BTG(T) | 0.3 | 0.4 | 1.0 | 1.1 | (2) agreed basis |
| | TWPL | LBTL | 1.2 | 0.3 | 2.2 | 1.7 | (2) agreed basis |
| | TWPL | LHC | 1.1 | 1.2 | 3.0 | 3.5 | (2) agreed basis |
| | TWPL | LRH | 4.7 | 4.1 | 11.5 | 10.7 | (2) agreed basis |
| | TWRH | LHC | 0.8 | - | 1.7 | - | (2) agreed basis |
| | Others | | 3.4 | 5.1 | 12.6 | 10.6 | (2) agreed basis |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Payee | Payer | For the three-month | | For the nine-month | | Transfer pricing policy |
|----------------------|--------|-------|---------------------|------|--------------------|------|-------------------------|
| | | | periods ended | | periods ended | | |
| | | | 30 September | | 30 September | | |
| | | 2008 | 2007 | 2008 | 2007 | | |
| Inter resort charges | BGL | LBC | 0.2 | 0.1 | 1.3 | 1.5 | (3) agreed basis |
| | BGL | LBTL | 1.3 | 1.1 | 3.0 | 3.3 | (3) agreed basis |
| | BGL | LHC | 0.4 | 0.2 | 1.2 | 0.8 | (3) agreed basis |
| | BGL | LRH | 0.4 | 0.3 | 1.9 | 1.8 | (3) agreed basis |
| | BTG(T) | BGL | 0.4 | 0.4 | 1.3 | 1.4 | (3) agreed basis |
| | BTG(T) | LBC | 0.2 | 0.3 | 0.8 | 1.1 | (3) agreed basis |
| | BTG(T) | LBTL | 2.3 | 2.3 | 8.3 | 8.2 | (3) agreed basis |
| | BTG(T) | LGL | 1.5 | 1.6 | 5.9 | 6.7 | (3) agreed basis |
| | BTG(T) | TWPL | 0.7 | 0.6 | 2.6 | 2.2 | (3) agreed basis |
| | LBC | BGL | 0.4 | 0.3 | 1.1 | 1.3 | (3) agreed basis |
| | LBC | LBTL | 0.2 | 0.2 | 0.6 | 0.7 | (3) agreed basis |
| | LBC | LRH | 0.1 | 0.1 | 0.9 | 1.0 | (3) agreed basis |
| | LBTL | BGL | 1.1 | 1.1 | 4.2 | 4.2 | (3) agreed basis |
| | LBTL | LBC | 0.2 | 0.2 | 0.6 | 0.8 | (3) agreed basis |
| | LBTL | LHC | 2.5 | 2.5 | 11.0 | 7.4 | (3) agreed basis |
| | LBTL | LRH | 0.4 | 0.4 | 2.0 | 1.7 | (3) agreed basis |
| | LEL | BGL | 7.9 | 7.2 | 23.4 | 21.4 | (3) agreed basis |
| | LEL | LBC | 3.4 | 3.6 | 9.9 | 10.4 | (3) agreed basis |
| | LEL | LBTL | 5.7 | 4.3 | 20.1 | 15.7 | (3) agreed basis |
| | LEL | LHC | 1.7 | 0.6 | 4.6 | 1.8 | (3) agreed basis |
| | LEL | LRH | 3.4 | 3.1 | 9.7 | 9.4 | (3) agreed basis |
| | LGL | BGL | 1.1 | 1.6 | 4.7 | 5.2 | (3) agreed basis |
| | LGL | LBC | 0.5 | 0.4 | 1.3 | 1.5 | (3) agreed basis |
| | LGL | LBTL | 2.1 | 2.4 | 8.6 | 8.8 | (3) agreed basis |
| | LGL | LHC | 0.5 | 0.3 | 1.4 | 1.3 | (3) agreed basis |
| | LGL | LRH | 0.2 | 0.4 | 2.2 | 1.9 | (3) agreed basis |
| | LRH | BGL | 1.1 | 0.9 | 3.0 | 3.5 | (3) agreed basis |
| | LRH | LBC | 0.3 | 0.5 | 1.6 | 2.6 | (3) agreed basis |
| | LRH | LBTL | 0.6 | 0.6 | 2.1 | 2.5 | (3) agreed basis |
| | Others | | 0.6 | 0.5 | 2.2 | 0.8 | (3) agreed basis |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Payee | Payer | For the three-month | | For the nine-month | | Transfer pricing policy |
|------------------------|--------|--------|---------------------|--------------|--------------------|---------------------|----------------------------|
| | | | periods ended | | periods ended | | |
| | | | 2008 | 2007 | 2008 | 2007 | |
| | | | 30 September | 30 September | | | |
| Credit card commission | Others | | 0.6 | 0.8 | 2.1 | 1.8 | (4) agreed basis |
| Resort service charges | LSC | BGL | 12.1 | 13.1 | 40.0 | 39.0 | (6) agreed basis |
| | LSC | LBC | 6.6 | 6.2 | 21.4 | 18.8 | (6) agreed basis |
| | LSC | LBTL | 12.3 | 11.1 | 38.5 | 35.1 | (6) agreed basis |
| | LSC | LEL | 1.2 | 0.1 | 3.4 | 0.8 | (6) agreed basis |
| | LSC | LGL | 2.3 | 2.7 | 6.7 | 6.0 | (6), (21) agreed basis |
| | LSC | LHC | 5.0 | 4.1 | 16.1 | 10.3 | (6), (21) agreed basis |
| | LSC | LRH | 10.1 | 8.4 | 39.0 | 25.7 | (6), (21) agreed basis |
| | LSC | TWDC | 1.0 | 1.2 | 2.8 | 2.0 | (6), (21) agreed basis |
| | LSC | TWPL | 0.9 | 0.9 | 2.3 | 1.0 | (6), (21) agreed basis |
| | LSC | TWRH | 2.7 | 0.2 | 5.5 | 0.3 | (6), (21) agreed basis |
| | | Others | | 0.1 | - | 0.2 | 0.1 |
| Management fees | LRH | LBTL | - | - | 2.5 | 1.7 | (7) agreement |
| | LRH | LHC | - | - | - | 7.2 | (7) agreement |
| | LRH | TWPL | 0.6 | - | 1.4 | 11.3 | (7) agreement |
| Rent and service | BTD | BGL | 1.2 | 1.0 | 3.4 | 2.9 | (10)(iv) agreement |
| | BTD | LBTL | 2.0 | 1.9 | 6.0 | 5.6 | (10)(iv) agreement |
| | BTD | LGL | 0.6 | 0.5 | 1.7 | 1.6 | (10)(iv) agreement |
| | L1 | LBC | 0.7 | 0.7 | 2.2 | 2.1 | (10)(iv) agreement |
| | L3 | LBTL | 0.5 | 0.5 | 1.5 | 1.4 | (10)(iv) agreement |
| | LBC | BTG(T) | 0.2 | 0.3 | 0.9 | 1.0 | (10)(vi) agreement |
| | LBTL | BTG(T) | 0.3 | 0.4 | 1.2 | 1.2 | (10)(i) agreement |
| | LGL | LBTL | 1.5 | 1.5 | 4.8 | 4.6 | (10)(i), (v) agreement |
| | LHC | LBTL | 0.2 | 0.3 | 0.7 | 0.6 | (10)(i) agreement |
| | LRH | LGL | 0.6 | 0.3 | 1.8 | 1.1 | (10)(iii) agreement |
| | LRH | LHC | 1.2 | 1.3 | 3.5 | 3.8 | (10)(iii) agreement |
| | LSC | BGL | 0.1 | 0.3 | 1.0 | 0.8 | (10)(viii), (ix) agreement |
| | PKRD | LRH | 0.3 | 0.3 | 1.1 | 0.8 | (10)(iv) agreement |
| | TWPL | BTG(T) | 0.6 | 0.7 | 1.8 | 1.4 | (10)(i), (ii) agreement |
| | TWPL | LHC | 0.7 | 0.6 | 1.8 | 1.7 | (10)(ii) agreement |
| | TWPL | LRH | 4.1 | 3.2 | 11.8 | 9.0 | (10)(ii) agreement |
| | TWT | TWPL | 1.3 | 1.3 | 3.8 | 3.8 | (10)(v) agreement |
| TWT2 | TWPL | 0.8 | 0.7 | 2.5 | 2.0 | (10)(vii) agreement | |
| | Others | | 2.4 | 2.4 | 7.6 | 7.5 | (10) agreements |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Payee | Payer | For the three-month | | For the nine-month | | Transfer pricing policy |
|------------------------------|--------|--------|---------------------|--------------|--------------------|------|------------------------------|
| | | | periods ended | | periods ended | | |
| | | | 2008 | 2007 | 2008 | 2007 | |
| | | | 30 September | 30 September | | | |
| Purchase of goods | BTG(S) | BTG(T) | 0.5 | - | 1.3 | 1.2 | (9)(ii) agreed basis |
| | BTG(T) | BTG(S) | - | 0.3 | 0.8 | 3.7 | (9)(ii) agreed basis |
| | BTG(T) | LBTL | 3.2 | 3.0 | 8.9 | 15.7 | (9)(i), (iii) agreed basis |
| | BTG(T) | LHC | 0.9 | 0.8 | 2.1 | 2.5 | (9)(i), (iii) agreed basis |
| | BTG(T) | LRH | - | 1.1 | 0.5 | 1.2 | (9)(i) agreed basis |
| | BTG(T) | TWPL | 1.4 | 3.2 | 3.4 | 10.4 | (9)(i), (iii) agreed basis |
| | Others | | 0.1 | 0.3 | 0.6 | 0.8 | (9)(i), (iii) agreed basis |
| Purchase of water | LGL | LSC | 0.7 | 0.7 | 2.2 | 2.1 | (12) agreed basis |
| Golf course service | LGL | LEL | 0.7 | 0.7 | 3.5 | 4.4 | (18) agreed basis |
| Purchase of Gallery Vouchers | BTG(T) | LHC | 0.2 | 0.4 | 1.5 | 1.3 | (13) agreed basis |
| | BTG(T) | LRH | - | 9.4 | 1.7 | 11.3 | (13) agreed basis |
| | Others | | - | - | 2.3 | 2.6 | (13) agreed basis |
| Purchase of land | LGL | TWPL | - | - | - | 7.6 | (23) Land Purchase Agreement |
| Guarantee fee | BGL | LRH | - | - | - | 1.1 | (14) agreed basis |
| | BT1 | LRH | 0.2 | 0.3 | 0.7 | 0.9 | (14) agreed basis |
| | BT2 | LRH | 0.6 | 0.2 | 0.6 | 0.7 | (14) agreed basis |
| | BTD | LBTL | 2.7 | 0.6 | 3.2 | 1.6 | (14) agreed basis |
| | BTD | LRH | 0.2 | 0.5 | 0.6 | 2.8 | (14) agreed basis |
| | L3 | LRH | 0.1 | 0.2 | 0.3 | 0.8 | (14) agreed basis |
| | LBTL | LRH | 0.2 | 0.4 | 0.5 | 1.2 | (14) agreed basis |
| | LGL | LBTL | 1.6 | 0.5 | 6.0 | 1.5 | (14) agreed basis |
| | LGL | LRH | 0.2 | 0.6 | 0.6 | 2.1 | (14) agreed basis |
| | LRH | LBTL | 1.0 | 1.6 | 3.4 | 4.9 | (14) agreed basis |
| | PKRD | LRH | - | 0.5 | - | 1.0 | (14) agreed basis |
| | TWT | TWPL | - | 0.6 | - | 1.8 | (14) agreed basis |
| | Others | | 0.2 | 0.9 | 1.3 | 2.7 | (14) agreed basis |
| Commission on property sales | BGL | LRH | - | - | 0.4 | - | (24) agreed basis |
| | LBTL | BGL | 1.2 | - | 1.2 | - | (24) agreed basis |
| | LBTL | TWDC | - | - | 2.1 | - | (24) agreed basis |
| Dividend | LGL | BTD | 11.2 | - | 11.2 | - | As declared |
| | LGL | BGL | 216.4 | - | 216.4 | - | As declared |
| | LHC | LGL | 27.7 | - | 27.7 | - | As declared |
| | LRH | L3 | 2.0 | - | 2.0 | - | As declared |
| | LRH | LBC | 5.0 | - | 5.0 | - | As declared |
| | LRH | LGL | 261.0 | - | 261.0 | - | As declared |
| | MCP | LGL | 11.3 | - | 11.3 | - | As declared |
| | TWRH | LBC | 25.0 | - | 25.0 | - | As declared |
| | TWT | TWT2 | 5.2 | - | 5.2 | - | As declared |

(Unaudited but reviewed)

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) Pte Ltd.
BTG(T) : Banyan Tree Gallery (Thailand) Limited
CGL : Cheer Golden Limited
LBC : Laguna Beach Club Limited
LBTL : Laguna Banyan Tree Limited
LEL : Laguna Excursions Limited
LGL : Laguna Grande Limited
LHC : Laguna Holiday Club Limited
LLL : Laguna Lakes Limited
LSC : Laguna Service Company Limited
L1 : Laguna (1) Limited
L3 : Laguna (3) Limited
MCP : Mae Chan Property Company Limited
PKRD : Phuket Resort Development Limited
PSD : Pai Smart 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 companies

LBTH : Lijiang Banyan Tree Hotel Company Limited
TRL : Tropical Resorts Limited

(Unaudited but reviewed)

Related companies (related by way of common shareholders, directors and/or management)

| | | |
|---------|---|--|
| BTH | : | Banyan Tree Holdings Limited |
| BTHR | : | Banyan Tree Hotels and Resorts Pte. Ltd. |
| BTP | : | Banyan Tree Properties Pte. Ltd. |
| BTR | : | Banyan Tree Resorts Limited |
| BTRS | : | Banyan Tree Resorts (Seychelles) Limited |
| BTRS(T) | : | Banyan Tree Resorts & Spas (Thailand) Company Limited |
| BTS | : | Banyan Tree Spas Pte. Ltd. |
| BTS(HK) | : | Banyan Tree Spas (HK) Limited |
| BYI | : | Banyan Tree Indochina (GP) Company Limited |
| HSE | : | Heritage Spas Egypt LLC |
| KAP | : | KAP Holdings Ltd. |
| KR | : | Kingley Realty Limited |
| LVCL | : | LVCL (Thailand) Co., Ltd. |
| MA | : | Maldives Angsana Pvt Ltd |
| MB | : | Maldives Bay Pvt Ltd |
| PTBH | : | PT Bintan Hotels |
| RSP | : | Reef Services Pty. Ltd. |
| TDC | : | Tapioca Development Corporation Limited |
| TWFP | : | Thai Wah Food Products Public Company Limited |
| USC | : | Universal Starch Public Company Limited (Formerly known as "Thai Wah Public Company Limited") |
| VM | : | Vabbinvest Maldives Pvt. Ltd. |
| WYLH | : | Wanyue Leisure Health (Shanghai) Co., Ltd. |

Related persons (directors, management, or their immediate family members)

| | | |
|-----|---|-----------------------------|
| CSN | : | Ms. Chiang See Ngoh |
| HLF | : | Ms. Ho Lien Fung |
| KPH | : | Mr. Ho KwonPing |
| MRA | : | Mr. Michael R. Ayling |
| SDR | : | Mr. Stuart D. Reading |
| SSK | : | Ms. Sirivan Skulkerevathana |

(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, which are denominated in US dollars as in (15) below. The Baht loans carry interest at a rate equal to the lenders' borrowing costs per annum (based upon commercial bank's interest rates) plus a margin of 1.1%. 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 recognised. The rates charged range from 2% to 4% of the revenue and are based on the actual commissions charged by the credit card companies.

(Unaudited but reviewed)

(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.

(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 actual staff cost plus 10% margin (2007: 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 |

(Unaudited but reviewed)

- (8) The terms of the operating agreements are disclosed in note 16. The payment 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 and an incentive fee of 10% of gross operating profit.
 - (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).

(Unaudited but reviewed)

- (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. The rental periods are not over three years, except some transactions as stated below.
- (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.

| <u>Payee</u> | <u>Payer</u> | <u>Rental Period</u> | <u>Expiry Date</u> |
|--------------|--------------|----------------------|--------------------|
| BGL | BTRS(T) | 30 years | November 2028 |
| LBTL | BTRS(T) | 10 years | December 2015 |
| LRH | BTRS(T) | 30 years | March 2030 |

- (ii) Rental or rental and service income of office space with monthly rent varying from Baht 400 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 is charged at Baht 100 per square metre per month.
- (iii) Rental of space and service in Canal Village. The rates charged range from Baht 382 to Baht 573 (2007: Baht 332 to Baht 498) per square metre per month.
- (iv) Rental of land and lagoon on which hotel and hotel - related operations are located are at Baht 98,398 (2007: Baht 93,713) and Baht 9,840 (2007: Baht 9,371) per rai per annum respectively, increasing by 5% per annum.
- (v) Rental of office building units is on the basis of Baht 5 million per annum.
- (vi) Rental of hotel premises is on the basis of Baht 937 per square metre per month.
- (vii) Rental of land on which hotel premises are located is on the basis of Baht 3.4 million (2007: Baht 2.6 million) per annum.
- (viii) Rental of central storage was charged at Baht 300 per square metre per month.

(Unaudited but reviewed)

- (ix) 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.
- (x) Rental and service fee for Banyan Tree Gallery (Singapore) is at the rate of SGD 3.21 per square feet per month.
- (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.
- (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) 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.
- (15) 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 7% and 7.25% per annum and are repayable 8 years after each drawdown and 8 years after the first drawdown respectively.
- (16) 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.
- (17) 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.
- (18) 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.

(Unaudited but reviewed)

- (19) Sale of property to employees of LRH group 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%. The sale transactions presented are revenue recognised in the period.
- (20) These transactions relate to the restructuring of ownership of units held by the Group in the Angsana Resort & Spa Bintan, Indonesia. The units were originally purchased by CGL. However, due to the commencement of Laguna Holiday Club's Bintan operations by AVCI, the ownership of the units was transferred to AVCI. The prices are based on market price which was the same as the original purchase price.
- (21) Estate maintenance and service charges by LSC to the project developers in respect of providing centralised services to residential projects in Laguna Phuket are at the following rates:
- Water charge : at the determined price and actual usage
 - Ground and landscape maintenance : a fixed monthly charge
 - Engineering service : a fixed monthly charge
 - Estate service management : a fixed monthly charge
 - Other ad hoc services : actual cost for material used plus a labor cost of Baht 300 per person per hour
 - In house and common area landscape works : actual cost plus certain margin
- (22) Financial assistance provided to employees for acquisition of a property developed by the Company or its subsidiaries. A staff advance of 10% 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 consist of both interest and principal. And 80% of selling price is to be settled in full with the property developer with in 5 years of the property competition. Both advance and loan are subject to interest at the group's cost of funds plus 0.5% per annum.
- (23) The sales and purchases of land in Phuket were made among 100% owned subsidiaries and was set at a level based on the official Land Department valuation.

(Unaudited but reviewed)

(24) These commissions are paid by property sales companies to incentivise the hotels to introduce their guests and assist by providing facilities and area in order to promote the sale of property. The commission is at the rate of 2% to 2.5% of the total sale price of the property. The term is from January 2007 to December 2008.

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 September 2008</u> | <u>31 December 2007</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 other subsidiaries as follows:

(Unit: Million Baht)

| | <u>30 September 2008</u> | <u>31 December 2007</u> |
|--|--------------------------|-------------------------|
| Long-term loan facilities | 895.0 | 1,170.0 |
| Short-term loan facilities | 170.0 | 170.0 |
| Overdrafts and bank guarantee facilities | 10.0 | 10.0 |
| Forward exchange contract | - | 100.0 |

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 | | Separate | |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|
| | financial statements | | financial statements | |
| | <u>30 September</u> | <u>31 December</u> | <u>30 September</u> | <u>31 December</u> |
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Subsidiaries | | | | |
| Bangtao Grande Limited | - | - | 18,799 | 6,038 |
| Laguna Banyan Tree Limited | - | - | 34,700 | 25,269 |
| Laguna Beach Club Limited | - | - | 9,418 | 7,962 |
| Laguna Grande Limited | - | - | 1,436 | 985 |
| Laguna Holiday Club Limited | - | - | 1,292 | 4,086 |
| Laguna Lakes Limited | - | - | 7,236 | - |
| Laguna Service Company Limited | - | - | 339 | 564 |
| Thai Wah Plaza Limited | - | - | 723 | 573 |
| TWR - Holdings Limited | - | - | 2,207 | 4,224 |
| Others | - | - | 1,651 | 715 |
| | - | - | <u>77,801</u> | <u>50,416</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| Associated company | | | | |
| Lijiang Banyan Tree Hotel Co. Ltd. | 40,387 | 33,180 | 230 | 180 |
| Related companies | | | | |
| Banyan Tree Resorts & Spas (Thailand) Company Limited | 4,604 | 5,290 | 879 | - |
| Banyan Tree Hotels & Resorts Pte. Ltd. | 27,043 | 7,773 | 11,136 | 5,161 |
| Banyan Tree Holdings Limited | 10,734 | 29,656 | - | 238 |
| Banyan Tree Indochina (GP) Co., Ltd. | 5,159 | - | 1,428 | - |
| Banyan Tree (Private) Limited | 3,831 | 3,597 | - | - |
| Banyan Tree Spas Pte. Ltd. | 14,615 | 1,098 | - | - |
| Banyan Tree Spas (HK) Limited | 17,347 | - | - | - |
| Banyan Tree Resorts Limited | 216 | 742 | 216 | 621 |
| Banyan Tree Resorts (Seychelles) Limited | 11,084 | 8,088 | 16 | 15 |
| Banyan Tree Gallery (Taiwan) Limited | 2,266 | 2,266 | - | - |
| Banyan Tree Resorts & Spas Morocco | - | 193 | 224 | 193 |
| Reef Services Pty. Ltd. | 3,199 | 2,606 | - | - |
| Banyan Tree Spas Sdn Bhd | 446 | - | - | - |
| Maldives Angsana Pvt. Ltd. | 524 | 627 | - | - |
| PT Bintan Hotels | 13,085 | 5,907 | 18 | 37 |
| Vabbinvest Maldives Pvt. Ltd. | 884 | 2,043 | - | 14 |
| Jiwa Renga Resorts Limited | 4,189 | 4,409 | 21 | 21 |
| Heritage Spas Dubai LLC | 1,171 | 1,146 | 56 | - |
| Heritage Spa Egypt LLC | 1,265 | - | - | - |
| Thai Wah Food Products Public Company Limited | - | 59 | 6 | 5 |
| Maldives Bay Pvt. Ltd. | 740 | 1,733 | 13 | 137 |
| Club Management Limited | 893 | - | - | - |
| LVCL (Thailand) Co., Ltd. | 2,752 | - | 169 | - |
| Others | 695 | 714 | - | - |
| | 126,742 | 77,947 | 14,182 | 6,442 |
| Less: Allowance for doubtful account | (2,266) | (2,266) | - | - |
| | 124,476 | 75,681 | 14,182 | 6,442 |
| | 164,863 | 108,861 | 92,213 | 57,038 |

(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)

| | Separate financial statements | | | |
|-----------------------------|-------------------------------|------------------|--------------------|------------------|
| | 31 December | Addition | Repayment | 30 September |
| | 2007 | | | 2008 |
| Laguna (3) Limited | 1,500 | 500 | (1,500) | 500 |
| Laguna Banyan Tree Limited | 553,000 | 622,500 | (623,000) | 552,500 |
| Laguna Holiday Club Limited | 29,400 | 139,660 | (94,880) | 74,180 |
| Laguna Lakes Limited | - | 416,701 | - | 416,701 |
| TWR - Holdings Limited | 896,700 | 609,000 | (1,141,890) | 363,810 |
| | <u>1,480,600</u> | <u>1,788,361</u> | <u>(1,861,270)</u> | <u>1,407,691</u> |

Long-term loan to associated company

As at 30 September 2008, the long-term loan to associated company was a loan that Laguna Banyan Tree Ltd. provided to Lijiang Banyan Tree Hotel Co. Ltd. The movements in long-term loan to associated company during the period are as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | |
|------------------------------------|-----------------------------------|---------------|----------------|
| | 31 December | Exchange rate | 30 September |
| | 2007 | Adjustment | 2008 |
| Lijiang Banyan Tree Hotel Co. Ltd. | <u>298,708</u> | <u>2,446</u> | <u>301,154</u> |

Long-term loans to employees

(Unit: Thousand Baht)

| Employees of the companies | Consolidated financial statements | | | |
|--|-----------------------------------|--------------|----------------|---------------|
| | 31 December | Addition | Repayment | 30 September |
| | 2007 | | | 2008 |
| Laguna Resorts & Hotels Public Company Limited | 10,803 | 5,758 | (837) | 15,724 |
| Bangtao Grande Limited | 3,008 | - | (3,008) | - |
| Laguna Banyan Tree Limited | 3,384 | 1,843 | (481) | 4,746 |
| Laguna Grande Limited | 9,120 | - | (265) | 8,855 |
| Laguna Holiday Club Limited | 4,626 | - | (307) | 4,319 |
| Laguna Service Company Limited | 3,104 | - | (155) | 2,949 |
| | <u>34,045</u> | <u>7,601</u> | <u>(5,053)</u> | <u>36,593</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Employees of the company | Separate financial statements | | | |
|---|-------------------------------|----------|-----------|----------------------|
| | 31 December 2007 | Addition | Repayment | 30 September 2008 |
| Laguna Resorts & Hotels Public Company Limited | 10,803 | 5,758 | (837) | 15,724 |

Long-term loans to employees are in respect of property purchased under the Group's employee financing scheme and are charged interest at the rate of the Group's cost of funds plus a margin of 0.5%. The loans are repayable within 5 years.

Amounts due to related companies

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| Subsidiaries | | | | |
| Bangtao Grande Limited | - | - | 31,894 | 2,300 |
| Bangtao (1) Limited | - | - | 692 | 1,266 |
| Bangtao (2) Limited | - | - | 617 | 910 |
| Bangtao (3) Limited | - | - | 114 | - |
| Bangtao (4) Limited | - | - | 102 | 371 |
| Bangtao Development Limited | - | - | 628 | 2,966 |
| Banyan Tree Gallery (Thailand) Limited | - | - | 7 | 94 |
| Laguna Banyan Tree Limited | - | - | 32,690 | 4,121 |
| Laguna Beach Club Limited | - | - | 206 | 886 |
| Laguna Excursions Limited | - | - | 455 | 1,630 |
| Laguna Grande Limited | - | - | 5,345 | 7,909 |
| Laguna Holiday Club Limited | - | - | 896 | 756 |
| Laguna Service Company Limited | - | - | 3,509 | 5,774 |
| Laguna (3) Limited | - | - | 310 | 1,117 |
| Phuket Resort Development Limited | - | - | 393 | 1,257 |
| Thai Wah Plaza Limited | - | - | 1,914 | 1,850 |
| Twin Waters Development Company Limited | - | - | 17 | - |
| TWR - Holdings Limited | - | - | 1,889 | 17,256 |
| | - | - | 81,678 | 50,463 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| Related companies | | | | |
| Banyan Tree Resorts & Spas (Thailand) Company Limited | 3,226 | 11,467 | - | 1,379 |
| Banyan Tree Spas Pte. Ltd. | 1,529 | - | 1,273 | - |
| Banyan Tree Hotels & Resorts Pte. Ltd. | 35,693 | 49,486 | 401 | - |
| Banyan Tree Holdings Limited | 3,278 | 10,139 | 3,245 | 10,139 |
| Banyan Tree Hotels Management (Beijing) Co., Ltd. | 451 | - | - | - |
| Wanyue Leisure Health (Shanghai) Company Limited | 1,148 | - | - | - |
| Others | 868 | 363 | - | 239 |
| | <u>46,193</u> | <u>71,455</u> | <u>4,919</u> | <u>11,757</u> |
| Total | <u>46,193</u> | <u>71,455</u> | <u>86,597</u> | <u>62,220</u> |

Long-term loans from subsidiaries

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

(Unit: Thousand Baht)

| | Separate financial statements | | | 30 September 2008 |
|-----------------------|-------------------------------|----------------|------------------|----------------------|
| | 31 December 2007 | Addition | Repayment | |
| Laguna Grande Limited | 1,040,350 | 579,350 | (869,060) | 750,640 |
| Laguna (3) Limited | - | 1,500 | (1,500) | - |
| | <u>1,040,350</u> | <u>580,850</u> | <u>(870,560)</u> | <u>750,640</u> |

(Unaudited but reviewed)

5. Property development cost

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| Property for sales under holiday club memberships | 470,505 | 416,004 | - | - |
| Completed buildings | 39,699 | 20,393 | - | - |
| Land | 2,048 | 5,443 | 2,306 | 6,455 |
| Leasehold Land | 3,000 | - | - | - |
| Property under construction | 515,643 | 525,498 | 158,727 | 215,029 |
| | <u>1,030,895</u> | <u>967,338</u> | <u>161,033</u> | <u>221,484</u> |
| Less: Allowance for diminution in market value of property under construction | (91,418) | (91,418) | - | - |
| Property development cost - net | <u>939,477</u> | <u>875,920</u> | <u>161,033</u> | <u>221,484</u> |

6. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 6.1 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.
- 6.2 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 15 years.
- 6.3 Installments receivable from sales of holiday club memberships which bear interest at a rate of 7.5% to 9% per annum and installments are repaid over a period of 2 to 5 years.

(Unaudited but reviewed)

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|-------------------------------------|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| Within one year (Note 3) | | | | |
| - Sales of property | 136,231 | 203,221 | 39,451 | - |
| - Sales of holiday club memberships | 142,960 | 134,608 | - | - |
| | <u>279,191</u> | <u>337,829</u> | <u>39,451</u> | <u>-</u> |
| Between 2 - 5 years | | | | |
| - Sales of property | 515,351 | 144,133 | 329,456 | - |
| - Sales of holiday club memberships | 118,149 | 134,483 | - | - |
| Over 5 years | | | | |
| - Sales of property | 96,479 | - | 94,630 | - |
| Long-term trade accounts receivable | <u>729,979</u> | <u>278,616</u> | <u>424,086</u> | <u>-</u> |
| Total | <u>1,009,170</u> | <u>616,445</u> | <u>463,537</u> | <u>-</u> |

7. Investments in subsidiaries

| Company's name | Separate financial statements | | | | | | | |
|--|-------------------------------|-----------------|-------------------------|-------------|-----------------|-----------------|---------------------------|-----------------|
| | Paid-up share capital | | Shareholding percentage | | Cost | | Dividend received for the | |
| | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December | 30 September | 30 September |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | Million Baht | Million Baht | % | % | Million Baht | Million Baht | Million Baht | Million Baht |
| TWR - Holdings Limited | 1,250.0 | 1,250.0 | 100 | 100 | 1,250.0 | 1,250.0 | - | - |
| <u>Subsidiaries held through TWR - Holdings Limited</u> | | | | | | | | |
| Pai Samart Development Company Limited | 28.4 | 28.4 | 100 | 100 | - | - | - | - |
| Mae Chan Property Company Limited | 232.3 | 232.3 | 100 | 100 | - | - | - | - |
| Phuket Resort Development Limited | 41.4 | 41.4 | 100 | 100 | - | - | - | - |
| Laguna Banyan Tree Limited ⁽¹⁾ | 500.0 | 500.0 | 100 | 100 | 835.1 | 835.1 | - | - |
| Laguna Beach Club Limited ⁽²⁾ | 200.0 | 200.0 | 60 | 60 | 85.0 | 85.0 | 5.0 | 8.3 |
| Laguna (1) Limited | 15.0 | 15.0 | 60 | 60 | - | - | - | - |
| PT AVC Indonesia | USD 0.7 | USD 0.7 | 100 | 100 | - | - | - | - |
| | Million | Million | | | | | | |
| Talang Development Company Limited | 251.0 | 251.0 | 50 | 50 | - | - | - | - |
| Twin Waters Development Company Limited | 214.4 | 214.4 | 100 | 100 | - | - | - | - |
| Thai Wah Plaza Limited | 2,250.0 | 2,250.0 | 100 | 100 | - | - | - | - |
| Thai Wah Tower Company Limited | 455.0 | 455.0 | 100 | 100 | - | - | - | - |
| Thai Wah Tower (2) Company Limited | 21.0 | 21.0 | 100 | 100 | - | - | - | - |

(Unaudited but reviewed)

| Company's name | Separate financial statements | | | | | | | |
|--|-------------------------------|---------------------|-------------------------|---------------------|----------------------|---------------------|--|----------------------|
| | Paid-up share capital | | Shareholding percentage | | Cost | | Dividend received for the nine-month period ended | |
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 | 30 September 2008 | 30 September 2007 |
| | Million Baht | Million Baht | % | % | Million Baht | Million Baht | Million Baht | Million Baht |
| Laguna Excursions Limited | 8.0 | 5.0 | 49 | 49 | - | - | - | - |
| Laguna Grande Limited | 1,000.0 | 1,000.0 | 100 | 100 | 914.4 | 914.4 | 261.0 | 174.0 |
| Subsidiaries held through Laguna Grande Limited | | | | | | | | |
| Bangtao (1) Limited | 20.9 | 20.9 | 100 | 100 | - | - | - | - |
| Bangtao (2) Limited | 19.1 | 19.1 | 100 | 100 | - | - | - | - |
| Bangtao (3) Limited | 7.8 | 7.8 | 100 | 100 | - | - | - | - |
| Bangtao (4) Limited | 14.6 | 14.6 | 100 | 100 | - | - | - | - |
| Bangtao Development Limited | 80.0 | 80.0 | 100 | 100 | - | - | - | - |
| Laguna Central Limited | 1.0 | 1.0 | 85 | 85 | - | - | - | - |
| Bangtao Grande Limited | 1,546.0 | 1,546.0 | 100 | 100 | - | - | - | - |
| Other subsidiaries | | | | | | | | |
| Laguna Lakes Limited | 1.0 | - | 95 | - | 0.9 | - | - | - |
| Laguna Service Company Limited ⁽³⁾ | 90.5 | 90.5 | 89.2 | 89.2 | 22.4 | 22.4 | - | - |
| Banyan Tree Gallery (Thailand) Limited | 7.8 | 7.8 | 51 | 51 | 4.0 | 4.0 | - | - |
| Laguna Holiday Club Limited | 330.0 | 330.0 | 100 | 100 | 330.0 | 330.0 | - | 100.0 |
| Banyan Tree Gallery (Singapore) Pte Limited | SGD 0.43 Million | SGD 0.43 Million | 51 | 51 | 4.0 | 4.0 | - | - |
| Laguna (3) Limited | 0.1 | 0.1 | 100 | 100 | 46.4 | 46.4 | 2.0 | - |
| Cheer Golden Limited | - | - | 100 | 100 | - | - | - | - |
| Total investments in subsidiaries | | | | | 3,492.2 | 3,491.3 | 268.0 | 282.3 |

- (1) Laguna Banyan Tree Limited is held 49% by the Company and 51% through TWR - Holdings Limited
(2) Laguna Beach Club Limited is held 10% by the Company and 50% through TWR - Holdings Limited
(3) Laguna Services Company Limited is held by the Company and 3 subsidiaries

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

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

As at 30 September 2008 and 31 December 2007, the 10,188,203 ordinary shares of Thai Wah Plaza Limited have been pledged with a bank to secure a long-term loan of the Company.

(Unaudited but reviewed)

In June 2008, the Company invested in the ordinary shares of Laguna Lakes Limited, which is newly established and engaged in property development, amounting to Baht 949,300 representing a 94.93% interest in registered and paid-up shares.

On 26 August 2008, the extraordinary general meeting of Lagana Excursions Company Limited (a subsidiary) resolved to increase that company's share capital from Baht 5 million (24,500 ordinary shares and 25,500 preferred shares of Baht 100 each) to Baht 8 million (39,200 ordinary shares and 40,800 preferred shares of Baht 100 each). The subsidiary registered the increase in its share capital with the Ministry of Commerce on 9 September 2008 and the Company has made full payment for the additional share capital.

8. Investments in associated companies

(Unit: Thousand Baht)

| Company's name | Consolidated financial statements | | | | | | | |
|---|-----------------------------------|------------------|-------------------------|-------------|--------------|-------------|--|-------------|
| | Paid-up share capital | | Shareholding percentage | | Cost | | Carrying amount based on equity method | |
| | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | | | % | % | | | | |
| Ownrep Project Services Pte Limited | SGD 2 million | SGD 2 million | 50.0 | 50.00 | 18,109 | 18,109 | - | - |
| Lijiang Banyan Tree Hotel Co. Ltd. | USD 18.4 million | USD 18.4 million | 49.04 | 49.04 | 348,414 | 348,414 | 383,033 | 269,105 |
| Tropical Resorts Limited | USD 21 million | - | 25.87 | - | 17,197 | - | - | - |
| Total investments in associated companies | | | | | 383,720 | 366,523 | 383,033 | 269,105 |

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

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

Tropical Resorts Ltd., held by TWR - Holdings Limited and Laguna Banyan Tree Limited, was incorporated in Hong Kong and is engaged in investment holdings.

As at 29 February 2008, the subsidiaries purchased an additional 3,064,516 ordinary shares of Tropical Resorts Limited (TRL) from its existing shareholders at a total purchase price of Baht 41.35 million, or equivalent to 6.07% of the registered and paid-up ordinary shares of that company. As a result, shareholding in TRL increased from 19.8% to 25.87% of the registered and paid-up ordinary share capital and its status is changed to an associated company.

(Unaudited but reviewed)

The extraordinary general meeting of shareholders of Tropical Resorts Limited (TRL) (an associated company), held on 13 March 2008, approved the reduction of its registered and paid up share capital from USD 50.5 million (50.5 million ordinary shares of USD 1 each) to USD 21.0 million (21.0 million ordinary shares of USD 1 each). The reduction in the USD 29.5 million of its registered and paid-up share capital comprised a decrease in paid-up share capital of USD 16.5 million representing accumulated losses and the repayment of cash to the shareholders in the sum of USD 13.0 million. The reduction in capital was registered on 11 July 2008.

9. Other long-term investments

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|--|----------------------|----------------|----------------------|---------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| Investment in available-for-sale securities | | | | |
| Universal Starch Public Company Limited | 50,830 | 50,830 | 23,850 | 23,850 |
| Unrealised loss on investment | (28,856) | (28,856) | (10,176) | (10,176) |
| Investment, at market price | <u>21,974</u> | <u>21,974</u> | <u>13,674</u> | <u>13,674</u> |
| Investments in other companies | | | | |
| Bibace Investments Limited | 188,424 | 188,424 | - | - |
| Tropical Resorts Limited | - | 1 | - | - |
| Total investments in other companies | <u>188,424</u> | <u>188,425</u> | <u>-</u> | <u>-</u> |
| Total other long-term investments | <u>210,398</u> | <u>210,399</u> | <u>13,674</u> | <u>13,674</u> |

In February 2008, the subsidiaries purchased additional ordinary shares of Tropical Resorts Limited. As a result, its status is changed to an associated company, as discussed in Note 8 to the interim financial statements.

(Unaudited but reviewed)

10. Property, plant and equipment / land awaiting development

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|---|--------------------------------------|----------------------------------|
| At cost / revaluation value | | |
| Balance as at 31 December 2007 | 23,415,344 | 2,534,422 |
| Additions | 282,044 | 41,089 |
| Disposals and write off | (22,044) | (790) |
| Transfer to land awaiting | (800) | - |
| Transfer to property development cost | (168,141) | - |
| Adjustments | (7,848) | - |
| Balance as at 30 September 2008 | <u>23,498,555</u> | <u>2,574,721</u> |
| Accumulated depreciation | | |
| Balance as at 31 December 2007 | (4,747,892) | (533,173) |
| Depreciation charged for the period | (310,633) | (42,122) |
| Depreciation of revalued assets | (94,100) | (22,480) |
| Transfer to property development cost | 3,224 | - |
| Depreciation on disposals and write off | 16,535 | 643 |
| Balance as at 30 September 2008 | <u>(5,132,866)</u> | <u>(597,132)</u> |
| Net book value | | |
| Balance as at 31 December 2007 | <u>18,667,452</u> | <u>2,001,249</u> |
| Balance as at 30 September 2008 | <u>18,365,689</u> | <u>1,977,589</u> |

The hotel properties and land were reappraised by a professional independent appraisal company in its report dated 27 November 2007. The revaluation was conducted using the "Income Approach" basis for hotel properties and a Fair Market Value basis for land.

As at 30 September 2008, the Company and its subsidiaries have pledged land, land awaiting development and hotel buildings at fair value of Baht 14,620 million (Separate financial statements: Baht 1,715 million) as collateral against credit facilities received from financial institutions (31 December 2007: Baht 14,992 million, Separate financial statements: Baht 1,568 million).

(Unaudited but reviewed)

11. Short-term loans from financial institutions

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months, subject to interest at rates of 4.80% to 6.75% per annum (31 December 2007: 2.00% to 6.35% per annum).

These short-term loans from financial institutions are secured by the mortgage of plots of land and hotel buildings of the Company and subsidiaries, as described in Note 10 and by the guarantee provided by subsidiaries.

12. Other current liabilities

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---------------------------------------|----------------------|------------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| Accrued expenses | 358,090 | 388,970 | 82,771 | 96,565 |
| Advance receipts from customers | 270,037 | 448,615 | 19,276 | 28,610 |
| Other accounts payable | 132,383 | 135,518 | 38,640 | 40,879 |
| Construction payable | 304,887 | 223,021 | 89,957 | 108,815 |
| Service charge payable to hotel staff | 15,280 | 54,840 | 4,158 | 9,953 |
| Value added tax payable | 59,675 | 68,908 | 5,200 | - |
| Accrued rental to villa owners | - | 83,533 | - | - |
| Unearned income | 13,626 | 1,535 | - | - |
| | <u>1,153,978</u> | <u>1,404,940</u> | <u>240,002</u> | <u>284,822</u> |

13. Long - term loans from financial institutions

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|------------------|----------------------|----------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| Secured | <u>3,220,701</u> | <u>3,305,262</u> | <u>465,500</u> | <u>632,000</u> |
| Long-term loans are repayable as follows: | | | | |
| Within 1 year | 916,727 | 824,914 | 266,000 | 233,000 |
| Between 1 - 2 years | 774,366 | 862,165 | 199,500 | 266,000 |
| Between 3 - 5 years | 1,060,921 | 1,285,982 | - | 133,000 |
| Over 5 years | 468,687 | 332,201 | - | - |
| | <u>2,303,974</u> | <u>2,480,348</u> | <u>199,500</u> | <u>399,000</u> |
| Total | <u>3,220,701</u> | <u>3,305,262</u> | <u>465,500</u> | <u>632,000</u> |

(Unaudited but reviewed)

Movements in the long-term loans account during the nine-month period ended 30 September 2008 are summarised below:

(Unit: Thousand Baht)

| | Consolidated financial statements | Separate financial statements |
|---------------------------------|--------------------------------------|----------------------------------|
| Balance as at 31 December 2007 | 3,305,262 | 632,000 |
| Add : Additions | 509,000 | - |
| Less: Repayments | (593,561) | (166,500) |
| Balance as at 30 September 2008 | <u>3,220,701</u> | <u>465,500</u> |

Long-term loans consist of the following:

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| <u>The Company</u> | | | | |
| (1) Baht loan from a bank, with a facility of Baht 892 million repayable quarterly from July 2005 to April 2010, at an interest rate as follows: 2007 : MLR per annum, MLR less 1% per annum and saving deposit rate plus 1.25% per annum 2008 onwards : MLR less 1% per annum and saving deposit rate plus 1.25% per annum | 465,500 | 632,000 | 465,500 | 632,000 |
| <u>Subsidiaries</u> | | | | |
| (2) Baht loan from a bank, with a facility of Baht 200 million repayable quarterly from October 2005 to July 2009, at an interest rate as follows: 2007 : 2% and 4% per annum and MLR less 1% per annum 2008 onwards : 2% per annum and MLR less 1% per annum | 80,000 | 125,000 | - | - |
| (3) Baht loan from a bank, with a facility of Baht 260 million repayable quarterly from April 2006 to January 2010, at an interest rate of MLR less 2% per annum or 3 month fixed deposit rate plus 2% per annum, whichever is higher | 150,000 | 210,000 | - | - |
| (4) Baht loan from a bank, with a facility of Baht 600 million repayable quarterly from September 2006 to June 2011, at an interest rate of MLR less 2% per annum or 3 month fixed deposit rate plus 2% per annum, whichever is higher | 455,000 | 510,000 | - | - |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-------------|-------------------------------|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2008 | 2007 | 2008 | 2007 |
| (5) Baht loan from a bank, with a facility of Baht 100 million repayable quarterly from October 2006 to January 2009, at an interest rate of MLR less 1.5% per annum | 20,000 | 50,000 | - | - |
| (6) Baht loan from a bank, with a facility of Baht 180 million repayable quarterly from April 2006 to January 2009, at an interest rate of MLR less 1.5% per annum or 3 month fixed deposit rate plus 2% per annum whichever is higher | 50,000 | 110,000 | - | - |
| (7) Baht loan from a bank, with a facility of Baht 100 million repayable quarterly from March 2007 to June 2009, at an interest rate of MLR less 1.5% per annum or 3 month fixed deposit rate plus 2% per annum whichever is higher | 47,500 | 70,000 | - | - |
| (8) Baht loan from a bank, with a facility of Baht 1,004 million, repayable quarterly from December 2005 to December 2013, at an interest rate as follows: 2007 : MLR less 1% per annum and saving deposit rate plus 1.25% per annum 2008 onwards : MLR less 0.5% and 1% per annum and saving deposit rate plus 1.25% per annum | 727,451 | 809,512 | - | - |
| (9) Baht loan from a bank, with a facility of Baht 300 million repayable quarterly from March 2007 to June 2011, at an interest rate of MLR less 1% per annum | 230,000 | 260,000 | - | - |
| (10) Baht loan from a bank, with a facility of Baht 220 million repayable quarterly from June 2007 to June 2011, at an interest rate as follows: 2006 and 2007 : MLR less 1.5% per annum or 3 month fixed deposit rate plus 2.5% per annum, whichever is higher 2008 onwards : MLR less 1% and 1.5% per annum or 3 month fixed deposit rate plus 2.5% per annum, whichever is higher | 197,500 | 208,750 | - | - |
| (11) 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: 2007 : MLR less 1% per annum and saving deposit rate plus 1.25% per annum 2008 onwards : MLR less 0.5% and 1% per annum and saving deposit rate plus 1.25% per annum | 98,750 | 100,000 | - | - |
| (12) Baht loan from a bank, with a facility of Baht 90 million repayable quarterly from March 2008 to March 2010, at an interest rate of MLR less 1% per annum | 60,000 | 90,000 | - | - |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------------|-------------------------------|---------------------|
| | 30 September 2008 | 31 December 2007 | 30 September 2008 | 31 December 2007 |
| (13) Baht loan from a bank, with a facility of Baht 1,000 million repayable quarterly from October 2009 to July 2019, at an interest rate as follows: | | | | |
| 2007 : MLR less 1.5% per annum and saving deposit rate plus 1.25% per annum | | | | |
| 2008 onwards : MLR per annum and MLR less 0.5%, 1% and 1.5% per annum and saving deposit rate plus 1.25% per annum | 255,000 | 130,000 | - | - |
| (14) 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: | | | | |
| 2008 : MLR less 1.5% per annum and saving deposit rate plus 1.25% per annum | | | | |
| 2009 onwards : MLR per annum and MLR less 0.5%, 1% and 1.5% per annum and saving deposit rate plus 1.25% per annum | 145,000 | - | - | - |
| (15) Baht loan from a bank, with a facility of Baht 20 million repayable quarterly from April 2009 to January 2011, at an interest rate of MLR less 1.25% per annum | 20,000 | - | - | - |
| (16) Baht loan from a bank, with a facility of Baht 400 million repayable quarterly from August 2009 to May 2013, at an interest rate as follows: | | | | |
| 2008 : MLR less 1.5% per annum | | | | |
| 2009 onwards : MLR less 0.5%, 1% and 1.5% per annum | 219,000 | - | - | - |
| Total long-term loans | <u>3,220,701</u> | <u>3,305,262</u> | <u>465,500</u> | <u>632,000</u> |

MLR: Minimum Lending Rate

The loans are secured by the mortgage of plots of land and all hotel buildings of the Company and its subsidiaries, as described in Note 10. The loan in (1) above is also secured by the pledge of the 10,188,203 ordinary shares of Thai Wah Plaza Limited as described in Note 7. The loans in (2), (5) and (9) above are guaranteed by subsidiaries. The loans in (3), (9) and (10) 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.

(Unaudited but reviewed)

As at 30 September 2008, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 926 million (31 December 2007: Baht 1,435 million).

14. Statutory reserve

On 24 April 2008, the Annual General Meeting of the Company's shareholders approved the transfer of the 2007 net income to the statutory reserve amounting to Baht 34.68 million.

15. Dividends

Dividends declared in the nine-month period ended 30 September 2008 and 2007 consist of:

| | Approved by | Total dividends Million Baht | Dividend per share Baht |
|--|--|---------------------------------|-------------------------------|
| Dividends on 2006 retained earnings | Annual General Meeting of the shareholders on 25 April 2007 | 211.68 | 2.50 |
| Dividends on 2007 retained earnings | Annual General Meeting of the shareholders on 24 April 2008 | 466.71 | 2.80 |

16. Commitments

Capital commitment

As at 30 September 2008, 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 amounting to totaling Baht 31.4 million (31 December 2007: Baht 14.7 million).
- b) Four subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 828.2 million (31 December 2007: 706 million).

(Unaudited but reviewed)

- c) On 24 June 2008, a subsidiary company entered into the Agreement to Purchase and Sale of Land, having total land area of 237 rai 1 ngarn 39.6 square wah, with third party. The subsidiary company will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary company initially acquired land, having total area of 53 rai 2 ngarn 3.4 square wah. The subsidiary company holds a right to acquire the remaining land, having total area of 183 rai 3 ngarn 36.2 square wah, by 1 July 2018. On the date of registration of ownership transfer of the land acquired, the subsidiary company paid the first installment of deposit for the remaining land in the amount of Baht 40.4 million. The second installment of the deposit in the amount of Baht 24.3 million shall be paid by the subsidiary company within three years following 26 June 2008. The purchase price of the remaining land shall be increased at rate of 5% on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

Operating agreements

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:

| Company | Business unit | Operator | Contract period | Fees |
|--|-------------------------------|---|-------------------------------|--|
| Laguna Resorts & Hotels Public Company Limited | Dusit Thani Laguna Phuket | Dusit Thani Public Company Limited | 1.10.1992 - 30.9.2012 | - Basic management fee : 2% of total revenue - Incentive fee : 5% of gross operating profit |
| Bangtao Grande Limited | 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 Limited | Laguna Phuket Golf Club | Banyan Tree Hotels and Resorts Pte. Limited | 1.10.1992 - 31.12.2014 (b) | - Basic management fee : 3% of total revenue - Incentive fee : 10% of gross operating profit |
| Laguna Banyan Tree Limited | Banyan Tree Phuket | Banyan Tree Hotels and Resorts Pte. Limited | 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 Limited | Banyan Tree Bangkok | Banyan Tree Hotels and Resorts Pte. Limited | 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 December 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.

(Unaudited but reviewed)

17. Bank guarantees

As at 30 September 2008, there were bank guarantees amounting to Baht 48.2 million (Separate financial statements: Baht 3.8 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 2007: Baht 47.7 million, Separate financial statements: Baht 3.2 million).

18. 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 September 2008 | | | | | | | |
|---|--|-----------------------|-----------|---------------------------|------------------|-------------------------|---|---------------|
| | Hotel Business | Gallery Operations | Others | Total Hotel Operations | Office Rental | Property Development | Elimination of inter-segment revenues | Consolidation |
| Revenue from external customers | 604 | 71 | 52 | 727 | 19 | 517 | - | 1,263 |
| Intersegments revenues | 61 | 8 | - | 69 | 8 | - | (77) | - |
| Total revenues | <u>665</u> | <u>79</u> | <u>52</u> | <u>796</u> | <u>27</u> | <u>517</u> | <u>(77)</u> | <u>1,263</u> |
| Segment profit | 307 | 40 | 25 | 372 | 8 | 279 | - | 659 |
| Interest and other income | 60 | - | - | 60 | - | 15 | - | 75 |
| Foreign exchange gains (loss) | (9) | - | - | (9) | - | 10 | - | 1 |
| Unallocated expenses: | | | | | | | | |
| Selling and administrative expenses | | | | | | | | (501) |
| Depreciation | | | | | | | | (103) |
| Share of income from investment in associated companies | | | | | | | | 15 |
| Interest expenses | | | | | | | | (50) |
| Corporate income tax | | | | | | | | (8) |
| Net income for the period | | | | | | | | <u>88</u> |

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2007

| | Hotel Business | Gallery Operations | Others | Total Hotel Operations | Office Rental | Property Development | Elimination of inter-segment revenues | Consolidation |
|---|-------------------|-----------------------|-----------|---------------------------|------------------|-------------------------|---|---------------|
| Revenue from external customers | 681 | 51 | 45 | 777 | 20 | 376 | - | 1,173 |
| Intersegments revenues | 55 | 9 | - | 64 | 5 | - | (69) | - |
| Total revenues | 736 | 60 | 45 | 841 | 25 | 376 | (69) | 1,173 |
| Segment profit | 397 | 26 | 26 | 449 | 7 | 229 | - | 685 |
| Interest and other income | 16 | - | - | 16 | - | 9 | - | 25 |
| Foreign exchange gains (loss) | 8 | 1 | - | 9 | - | 4 | - | 13 |
| Unallocated expenses: | | | | | | | | |
| Selling and administrative expenses | | | | | | | | (494) |
| Depreciation | | | | | | | | (92) |
| Share of income from investment in associated company | | | | | | | | 3 |
| Interest expenses | | | | | | | | (52) |
| Corporate income tax | | | | | | | | (13) |
| Net income for the period | | | | | | | | 75 |

(Unit: Million Baht)

For the nine-month period ended 30 September 2008

| | Hotel Business | Gallery Operations | Others | Total Hotel Operations | Office Rental | Property Development | Elimination of inter-segment revenues | Consolidation |
|---|-------------------|-----------------------|------------|---------------------------|------------------|-------------------------|---|---------------|
| Revenue from external customers | 2,597 | 231 | 164 | 2,992 | 50 | 2,200 | - | 5,242 |
| Intersegments revenues | 188 | 19 | - | 207 | 19 | - | (226) | - |
| Total revenues | 2,785 | 250 | 164 | 3,199 | 69 | 2,200 | (226) | 5,242 |
| Segment profit | 1,618 | 121 | 87 | 1,826 | 22 | 1,268 | - | 3,116 |
| Interest and other income | 231 | 1 | - | 232 | - | 33 | - | 265 |
| Foreign exchange gains (loss) | 1 | (2) | - | (1) | - | 3 | - | 2 |
| Unallocated expenses: | | | | | | | | |
| Selling and administrative expenses | | | | | | | | (1,729) |
| Depreciation | | | | | | | | (311) |
| Share of income from investment in associated companies | | | | | | | | 94 |
| Interest expenses | | | | | | | | (137) |
| Corporate income tax | | | | | | | | (152) |
| Net income for the period | | | | | | | | 1,148 |

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2007

| | Hotel Business | Gallery Operations | Others | Total Hotel Operations | Office Rental | Property Development | Elimination of inter-segment revenues | Consolidation |
|---|-------------------|-----------------------|--------|---------------------------|------------------|-------------------------|---|---------------|
| Revenue from external customers | 2,545 | 165 | 147 | 2,857 | 51 | 1,328 | - | 4,236 |
| Intersegments revenues | 155 | 37 | - | 192 | 15 | - | (207) | - |
| Total revenues | 2,700 | 202 | 147 | 3,049 | 66 | 1,328 | (207) | 4,236 |
| Segment profit | 1,671 | 87 | 78 | 1,836 | 21 | 732 | - | 2,589 |
| Interest and other income | 52 | - | - | 52 | - | 26 | - | 78 |
| Foreign exchange gains | 10 | - | - | 10 | - | (1) | - | 9 |
| Unallocated expenses: | | | | | | | | |
| Selling and administrative expenses | | | | | | | | (1,557) |
| Depreciation | | | | | | | | (270) |
| Share of loss from investment in associated company | | | | | | | | (6) |
| Interest expenses | | | | | | | | (171) |
| Corporate income tax | | | | | | | | (122) |
| Net income for the period | | | | | | | | 550 |

Transfer prices between businesses segments are set out as described in Note 4.

(Unit: Million Baht)

As at 30 September 2008

| | Hotel Business | Gallery Operations | Others | Total Hotel operations | Office rental | Property development | Elimination of inter-segment revenues | Total |
|-------------------------------------|-------------------|-----------------------|--------|---------------------------|------------------|-------------------------|---|--------|
| Property, plant and equipment - net | 16,283 | 28 | 1,324 | 17,635 | 678 | 53 | - | 18,366 |
| Total assets | 18,647 | 320 | 1,406 | 20,373 | 686 | 3,763 | - | 24,822 |

(Unit: Million Baht)

As at 31 December 2007

| | Hotel Business | Gallery Operations | Others | Total Hotel operations | Office rental | Property development | Elimination of inter-segment Revenues | Total |
|-------------------------------------|-------------------|-----------------------|--------|---------------------------|------------------|-------------------------|---|--------|
| Property, plant and equipment - net | 16,579 | 28 | 1,313 | 17,920 | 694 | 53 | - | 18,667 |
| Total assets | 19,640 | 281 | 1,386 | 21,307 | 716 | 2,991 | - | 25,014 |

19. Financial instruments

19.1 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.

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

| Consolidated financial statements | | | | | | |
|--|------------------|-----------|-----------------|---------------------------|-------|------------------------------------|
| Fixed interest rates | | | | | | |
| | Within 1 year | 2-5 years | Over 5 years | Floating interest rate | Total | Fixed Interest rate (% p.a.) |
| | (Million Baht) | | | | | |
| Financial assets | | | | | | |
| Cash equivalents (excluding cash) | 37 | - | - | 427 | 464 | 2.375% to 2.625% |
| Restricted deposits at financial institution | 2 | - | - | - | 2 | 2.375% |
| Long-term trade accounts receivable | 275 | 629 | 96 | 9 | 1,009 | 7.5% to 12% |
| Long-term loan to associated company | - | - | 301 | - | 301 | 7% and 7.25% |
| Long-term loans to employees | - | - | - | 37 | 37 | - |
| Financial liabilities | | | | | | |
| Short-term loans from financial institutions | - | - | - | 268 | 268 | - |
| Long-term loans from financial institutions | - | - | - | 3,221 | 3,221 | - |

(Unaudited but reviewed)

| | Separate financial statements | | | | | Fixed Interest rate (% p.a.) |
|---|-------------------------------|-----------|-----------------|---------------------------|-------|------------------------------------|
| | Fixed interest rates | | | | | |
| | Within 1 year | 2-5 years | Over 5 years | Floating interest rate | Total | |
| | (Million Baht) | | | | | |
| Financial assets | | | | | | |
| Cash equivalents (excluding cash) | - | - | - | 26 | 26 | - |
| Long-term trade accounts receivable | 39 | 329 | 95 | - | 463 | 7.5% to 12% |
| Long-term loans to subsidiaries | - | - | - | 1,408 | 1,408 | - |
| Long-term loans to employees | - | - | - | 16 | 16 | - |
| Financial liabilities | | | | | | |
| Short-term loans from financial institutions | - | - | - | 115 | 115 | - |
| Long-term loans from subsidiaries | - | - | - | 751 | 751 | - |
| Long-term loans from financial institutions | - | - | - | 466 | 466 | - |

19.3 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 and associates, which currently are not hedged by any derivative financial instrument.

The Company and a subsidiary have entered into forward exchange contracts to hedge their hotel revenues which are denominated in foreign currencies. Forward exchange contracts outstanding as at 30 September 2008 are summarised below.

| Foreign currency | Outstanding amount bought | Forward rate for outstanding amount (Baht per US dollar) | Maturity |
|--------------------|------------------------------|--|--|
| The Company | | | |
| US dollar | 8.0 million | 41.57 | USD 1.6 million due quarterly from 31 October 2008 to 31 October 2009 |
| US dollar | 3.3 million | 40.03 | USD 1.7 million due quarterly from 31 January 2010 to 30 April 2010 |

(Unaudited but reviewed)

| <u>Foreign currency</u> | <u>Outstanding amount bought</u> | <u>Forward rate for outstanding amount</u> (Baht per US dollar) | <u>Maturity</u> |
|-------------------------|----------------------------------|--|---|
| <u>A subsidiary</u> | | | |
| US dollar | 12.6 million | 34.01 | USD 0.8 million due as at 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 |

Below is a summary of the Company and its subsidiaries' unhedged foreign currency-denominated assets/liabilities as at 30 September 2008.

(Unit: Thousand)

| <u>Foreign currency</u> | <u>Consolidated financial statements</u> | | <u>Separate financial statements</u> | |
|-------------------------|--|--------------------|--------------------------------------|--------------------|
| | <u>Assets</u> | <u>Liabilities</u> | <u>Assets</u> | <u>Liabilities</u> |
| US dollar | 23,683 | 1,133 | 7,428 | 42 |
| Singapore dollar | 1,719 | 805 | - | 171 |

20. Litigation

- a) A case was brought to the Southern Bangkok Civil Court in which the Company is defendant. Upon the plaint, the plaintiff asked the Court to revoke the resolution of the Extraordinary General Meeting of Shareholders of the defendant No. 1/2007 held on 4 July 2007 (the "EGM") and to cancel the registration of the aforementioned resolution on the grounds that the defendant and the chairman of the EGM did not allow the plaintiff to attend the EGM. The plaintiff is not a shareholder of the Company.

This case is currently pending at the Court of First Instance. The Company considers the EGM was duly held and approved the resolution in compliance with its Articles of Association and applicable laws.

(Unaudited but reviewed)

- b) A case was brought to the Southern Bangkok Civil court on 3 July 2008 in which the Company is one of the defendants. Upon the plaint, the 6 plaintiffs in total claimed that they are the creditors of one of the Company's shareholders. They asserted that in arranging the Extraordinary General Meeting of Shareholders No. 1/2007 and approving the capital increase by the shareholders where some shareholders did not subscribe for newly issued shares were actions jointly undertaken by the shareholders and the Company to commit a tort against the plaintiffs. Thus, they demanded the Company to pay the damages of Baht 539 million to them with interest of 7.5% per year and the costs of the legal proceedings.

This case is currently pending at the Court of First instance. The Company considers that the Company did not commit a tort against the plaintiffs as accused, therefore no provision has been made in the accounts.

21. Reclassification

Certain amounts in the balance sheet as at 31 December 2007 and the income statements for the three-month and nine-month periods ended 30 September 2007 have been reclassified to conform to the current period's classifications, with no effect on previously reported net income or shareholders' equity.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2008.