

Laguna Resorts & Hotels Public Company Limited  
and its subsidiaries

Review report and interim consolidated financial statements  
For the three-month and six-month periods ended  
30 June 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 June 2008, the related consolidated statements of income for the three-month and six-month periods end 30 June 2008 and 2007, and the consolidated statements of changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 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 June 2008, these subsidiaries had total assets of Baht 1,865 million (31 December 2007: Baht 1,847 million), and total revenues for the three-month and six-month periods ended 30 June 2008 of Baht 73 million and Baht 253 million, respectively (30 June 2007: Baht 77 million and Baht 220 million, respectively). The financial statements of these subsidiaries were reviewed by another auditor whose reports have been furnished to me, and my review report insofar as it relates to the amounts included for those subsidiaries in the consolidated financial statements, is based solely on the reports of the other auditor.

I conducted my 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.



Sophon Permsirivallop  
Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited  
Bangkok: 11 August 2008

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	Note	30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,398,989	1,533,422	814,749	855,576
Trade accounts receivable - net	3	1,874,999	1,726,422	814,646	583,538
Amounts due from related companies	4	134,105	108,861	78,170	57,038
Inventories - net		180,574	158,104	18,386	17,135
Property development cost - net	5	880,766	875,920	170,530	221,484
Other current assets		423,750	340,936	141,843	171,150
<b>Total current assets</b>		<b>4,893,183</b>	<b>4,743,665</b>	<b>2,038,324</b>	<b>1,905,921</b>
<b>Non-current assets</b>					
Restricted deposits at financial institution		2,140	2,140	-	-
Long-term trade accounts receivable	6	307,833	278,616	69,781	-
Investments in subsidiaries	7	-	-	3,492,207	3,491,258
Investments in associated companies	8	402,029	269,105	-	-
Other long-term investments	9	210,398	210,399	13,674	13,674
Long-term loans to subsidiaries	4	-	-	1,316,881	1,480,600
Long-term loan to associated company	4	296,557	298,708	-	-
Long-term loans to employees	4	35,957	34,045	16,259	10,803
Property, plant and equipment - net	10	18,414,434	18,667,452	1,975,833	2,001,249
Land awaiting development	10	808,380	432,124	28,639	28,639
Leasehold rights - net		35,991	45,069	-	-
Goodwill on business combination		385,492	19,795	-	-
Other non-current assets		53,171	12,720	8,910	6,863
<b>Total non-current assets</b>		<b>20,952,382</b>	<b>20,270,173</b>	<b>6,922,184</b>	<b>7,033,086</b>
<b>Total assets</b>		<b>25,845,565</b>	<b>25,013,838</b>	<b>8,960,508</b>	<b>8,939,007</b>

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 June 2008	31 December 2007	30 June 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	11	880,000	862,000	510,000	470,000
Trade accounts payable		218,073	271,473	27,116	33,420
Current portion of long-term loans from financial institutions	13	918,790	824,914	266,000	233,000
Amounts due to related companies	4	61,551	71,455	108,725	62,220
Corporate income tax payable		127,776	101,015	-	-
Other current liabilities	12	1,225,794	1,404,940	217,113	284,822
<b>Total current liabilities</b>		<b>3,431,984</b>	<b>3,535,797</b>	<b>1,128,954</b>	<b>1,083,462</b>
<b>Non-current liabilities</b>					
Long-term loans from subsidiaries	4	-	-	1,258,480	1,040,350
Long-term loans from financial institutions - net of current portion	13	2,528,265	2,480,348	266,000	399,000
Other non-current liabilities		100,439	90,600	23,678	5,878
<b>Total non-current liabilities</b>		<b>2,628,704</b>	<b>2,570,948</b>	<b>1,548,158</b>	<b>1,445,228</b>
<b>Total liabilities</b>		<b>6,060,688</b>	<b>6,106,745</b>	<b>2,677,112</b>	<b>2,528,690</b>

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	
	<u>Note</u>	<u>30 June 2008</u>	<u>31 December 2007</u>	<u>30 June 2008</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
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	9,774,449	9,869,857	1,577,556	1,592,542
Unrealised loss on available-for-sale securities	9 (28,856)	(28,856)	(10,176)	(10,176)
Translation adjustment	91,224	74,347	-	-
Retained earnings				
Appropriated - statutory reserve	119,347	84,670	119,347	84,670
Unappropriated	4,308,725	3,431,674	867,381	1,013,993
	4,428,072	3,516,344	986,728	1,098,663
Equity attributable to the company's shareholders	18,628,876	17,795,679	6,283,396	6,410,317
Minority interest - equity attributable to				
minority shareholders of subsidiaries	1,156,001	1,111,414	-	-
<b>Total shareholders' equity</b>	<b>19,784,877</b>	<b>18,907,093</b>	<b>6,283,396</b>	<b>6,410,317</b>
<b>Total liabilities and shareholders' equity</b>	<b>25,845,565</b>	<b>25,013,838</b>	<b>8,960,508</b>	<b>8,939,007</b>

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

Directors

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Income statements

For the three-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b>Revenues</b>				
Revenues from hotel operations	768,939	777,300	91,476	97,412
Revenues from property development operations	874,486	433,562	239,762	81,563
Revenues from office rental operations	15,555	15,663	-	-
Interest income	18,420	18,092	21,333	22,147
Foreign exchange gain	-	-	-	7,365
Other income	21,906	7,154	17,646	3,730
Share of income from investments in associated companies	59,976	4,213	-	-
<b>Total revenues</b>	<b>1,759,282</b>	<b>1,255,984</b>	<b>370,217</b>	<b>212,217</b>
<b>Expenses</b>				
Hotel operations expenses	362,162	323,218	35,409	36,113
Cost of property development operations	360,420	223,152	91,601	39,236
Cost of office rental operations	9,087	8,588	-	-
Depreciation	102,440	90,320	14,414	11,002
Selling and administrative expenses	568,891	500,106	135,844	108,787
Directors' remuneration	1,767	1,693	1,767	1,693
Foreign exchange loss	14,837	8,987	26,281	-
<b>Total expenses</b>	<b>1,419,604</b>	<b>1,156,064</b>	<b>305,316</b>	<b>196,831</b>
Income before interest expenses and income tax	339,678	99,920	64,901	15,386
Interest expenses	(42,377)	(56,120)	(21,876)	(28,496)
Corporate income tax	1,852	(9,628)	18,426	-
<b>Net income for the period</b>	<b>299,153</b>	<b>34,172</b>	<b>61,451</b>	<b>(13,110)</b>
<b>Net income attributable to:</b>				
Equity holders of the parent	294,134	25,768	61,451	(13,110)
Minority interest of the subsidiaries	5,019	8,404		
	<b>299,153</b>	<b>34,172</b>		
<b>Basic earnings per share</b>				
Net income attributable to equity holders of the parent (Baht)	1.76	0.30	0.37	(0.15)
Weighted average number of ordinary share (shares)	166,682,701	84,670,143	166,682,701	84,670,143

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

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Income statements

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b>Revenues</b>				
Revenues from hotel operations	2,256,718	2,079,349	295,583	289,897
Revenues from property development operations	1,680,124	959,060	601,533	93,977
Revenues from office rental operations	31,242	31,759	-	-
Interest income	32,094	31,395	39,937	42,505
Foreign exchange gain	1,174	-	4,703	26,508
Other income	157,970	21,786	76,144	29,679
Share of income from investments in associated companies	78,421	-	-	-
<b>Total revenues</b>	<b>4,237,743</b>	<b>3,123,349</b>	<b>1,017,900</b>	<b>482,566</b>
<b>Expenses</b>				
Hotel operations expenses	806,180	693,028	79,110	79,425
Cost of property development operations	681,663	451,890	240,726	46,340
Cost of office rental operations	17,196	18,060	-	-
Depreciation	207,509	178,062	27,655	21,550
Selling and administrative expenses	1,231,179	1,064,325	272,011	224,392
Directors' remuneration	2,619	2,762	2,619	2,762
Foreign exchange loss	-	3,786	-	-
Share of loss from investment in associated company	-	9,215	-	-
<b>Total expenses</b>	<b>2,946,346</b>	<b>2,421,128</b>	<b>622,121</b>	<b>374,469</b>
Income before interest expenses and income tax	1,291,397	702,221	395,779	108,097
Interest expenses	(86,308)	(118,718)	(41,003)	(56,159)
Corporate income tax	(145,030)	(108,881)	-	-
<b>Net income for the period</b>	<b>1,060,059</b>	<b>474,622</b>	<b>354,776</b>	<b>51,938</b>
<b>Net income attributable to:</b>				
Equity holders of the parent	1,012,742	432,645	354,776	51,938
Minority interest of the subsidiaries	47,317	41,977		
	<b>1,060,059</b>	<b>474,622</b>		
<b>Basic earnings per share</b>				
Net income attributable to equity holders of the parent (Baht)	6.08	5.11	2.13	0.61
Weighted average number of ordinary share (shares)	166,682,701	84,670,143	166,682,701	84,670,143

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



(Unaudited but reviewed)

Laguna Resorts & Hotels Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity  
 For the six-month periods ended 30 June 2008 and 2007

	Consolidated financial statements							Total		
	Issued and paid-up share capital	Premium on ordinary shares	Capital reserve	Revaluation surplus	Unrealised loss on available-for-sale securities	Translation adjustments	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	
							Appropriated - statutory reserve			Unappropriated
<b>Balance as at 31 December 2006</b>	846,701	2,062,461	634,699	1,789,995	(28,856)	72,905	84,670	2,353,782	765,293	8,581,650
Sale of controlling interest on former subsidiary	-	-	-	-	-	-	-	-	(134,038)	(134,038)
Amortisation of revaluation surplus	-	-	-	(18,342)	-	-	-	-	(3,535)	(21,877)
Reversal of revaluation surplus for land transferred to property development cost	-	-	-	(17,928)	-	-	-	-	-	(17,928)
Translation adjustment	-	-	-	-	-	471	-	-	(1,766)	(1,297)
Net income for the period	-	-	-	-	-	-	-	432,645	41,977	474,622
Dividend paid	-	-	-	-	-	-	-	(211,675)	-	(211,675)
<b>Balance as at 30 June 2007</b>	<u>846,701</u>	<u>2,062,461</u>	<u>634,699</u>	<u>1,753,725</u>	<u>(28,856)</u>	<u>73,376</u>	<u>84,670</u>	<u>2,574,752</u>	<u>667,929</u>	<u>8,669,457</u>
<b>Balance as at 31 December 2007</b>	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)	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2007 - after adjustment</b>	<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>
Amortisation of revaluation surplus	-	-	-	(57,033)	-	-	-	-	(5,700)	(62,733)
Reversal of revaluation surplus for land transferred to property development cost	-	-	-	(38,375)	-	-	-	-	-	(38,375)
Translation adjustment	-	-	-	-	-	16,877	-	-	2,919	19,796
Minority interest as at date of acquisition of subsidiary	-	-	-	-	-	-	-	-	51	51
Net income for the period	-	-	-	-	-	-	-	1,012,742	47,317	1,060,059
Transferred to statutory reserve (Note 14)	-	-	-	-	-	-	34,677	(34,677)	-	-
Dividend paid (Note 15)	-	-	-	-	-	-	-	(466,711)	-	(466,711)
<b>Balance as at 30 June 2008</b>	<u>1,666,827</u>	<u>2,062,461</u>	<u>634,699</u>	<u>9,774,449</u>	<u>(28,856)</u>	<u>91,224</u>	<u>119,347</u>	<u>4,308,725</u>	<u>1,156,001</u>	<u>19,784,877</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 six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	Separate financial statements						
	Issued and paid-up share capital	Premium on ordinary shares	Revaluation surplus	Unrealised loss on		Retained earnings	
				available-for-sale securities	statutory reserve	Appropriated -	Unappropriated
						Total	
Balance as at 31 December 2006	846,701	2,062,461	428,608	(10,176)	84,670	532,125	3,944,389
Amortisation of revaluation surplus	-	-	(5,156)	-	-	-	(5,156)
Reversal of revaluation surplus for land transferred to property development cost	-	-	(11,578)	-	-	-	(11,578)
Net income for the period	-	-	-	-	-	51,938	51,938
Dividend paid	-	-	-	-	-	(211,675)	(211,675)
Balance as at 30 June 2007	846,701	2,062,461	411,874	(10,176)	84,670	372,388	3,767,918
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	-	-	(14,986)	-	-	-	(14,986)
Net income for the period	-	-	-	-	-	354,776	354,776
Transferred to statutory reserve (Note 14)	-	-	-	-	34,677	(34,677)	-
Dividend paid (Note 15)	-	-	-	-	-	(466,711)	(466,711)
Balance as at 30 June 2008	1,666,827	2,062,461	1,577,556	(10,176)	119,347	867,381	6,283,396

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

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Statements of cash flows

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b>Cash flows from operating activities</b>				
Net income before tax	1,205,089	583,503	354,776	51,938
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Depreciation	207,509	178,062	27,655	21,550
Amortisation of leasehold rights	1,216	1,665	-	-
Amortisation of (negative goodwill) / goodwill on consolidation	-	255	-	-
Allowance for doubtful accounts (reversal)	2,229	(2,119)	-	-
Provision for obsolete inventory (resersal)	(2,627)	1,075	-	-
Share of loss (income) from investment in associated companies	(78,421)	9,215	-	-
Unrealised foreign exchange loss (gain)	18,586	(414)	15,564	(24,065)
Loss (gain) on sales of property, plant and equipment	(806)	493	(174)	-
Write off property, plant and equipment	2,636	213	-	-
Gain from sale of investment	-	(6,177)	-	-
Gain from sale of leasehold right	(3,376)	-	-	-
Interest expenses	86,308	118,718	41,003	56,159
Income from operating activities before changes in operating assets and liabilities	1,438,343	884,489	438,824	105,582
Decrease (increase) in operating assets				
Trade accounts receivable	(150,806)	225,365	(231,108)	36,186
Amounts due from related companies	(25,244)	(11,838)	(21,372)	(18,777)
Inventories	(19,843)	(9,875)	(1,251)	1,832
Property development cost	82,768	(168,086)	50,954	(104,836)
Other current assets	(86,280)	(21,243)	15,994	16,858
Long-term trade accounts receivable	(29,217)	(50,270)	(69,781)	-
Other non-current assets	(40,451)	816	(2,047)	(1,472)
Increase (decrease) in operating liabilities				
Trade accounts payable	(53,400)	(7,514)	(6,304)	(10,833)
Amounts due to related companies	(9,904)	(19,616)	45,431	(3,968)
Other current liabilities	(170,635)	(68,301)	(66,454)	46,241
Other non-current liabilities	9,839	12,981	17,800	6
Cash flow from operating activities	945,170	766,908	170,686	66,819
Cash paid for interest expense	(89,962)	(121,432)	(40,944)	(59,894)
Cash paid for corporate income tax	(127,533)	(136,044)	(2,251)	-
<b>Net cash from operating activities</b>	<b>727,675</b>	<b>509,432</b>	<b>127,491</b>	<b>6,925</b>

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

(Unaudited but reviewed)

## Laguna Resorts &amp; Hotels Public Company Limited and its subsidiaries

## Statements of cash flows (continued)

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
<b>Cash flows from investing activities</b>				
Decrease (increase) in long-term loans to subsidiaries	-	-	163,719	(258,000)
Increase in long-term loans to employees	(1,912)	-	(5,456)	-
Cash payments for acquisition of land awaiting for development	(376,256)	-	-	-
Cash payments for acquisition of property, plant and equipment	(150,131)	(444,989)	(17,373)	(29,267)
Cash received from sales of property, plant and equipment	1,245	2,031	322	31
Purchase of investment in subsidiary	-	-	(949)	-
Purchase of investment in associate	(41,354)	-	-	-
Cash decreased from sales of investment in subsidiary	-	(145,167)	-	-
Cash received from sales of leasehold rights	13,167	-	-	-
<b>Net cash from (used in) investing activities</b>	<b>(555,241)</b>	<b>(588,125)</b>	<b>140,263</b>	<b>(287,236)</b>
<b>Cash flows from financing activities</b>				
Cash received from investment in subsidiary of minority interest	51	-	-	-
Payment of dividends	(466,711)	(211,675)	(466,711)	(211,675)
Increase in short-term loans from financial institutions	18,000	70,000	40,000	70,000
Increase in long-term loans from subsidiaries	-	-	218,130	439,500
Draw down of long-term loans from financial institutions	509,000	64,990	-	-
Repayment of long-term loans from financial institutions	(367,207)	(290,549)	(100,000)	(40,000)
<b>Net cash from (used in) financing activities</b>	<b>(306,867)</b>	<b>(367,234)</b>	<b>(308,581)</b>	<b>257,825</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(134,433)</b>	<b>(445,927)</b>	<b>(40,827)</b>	<b>(22,486)</b>
Cash and cash equivalents at beginning of period	1,533,422	1,087,924	855,576	103,113
<b>Cash and cash equivalents at end of period</b>	<b>1,398,989</b>	<b>641,997</b>	<b>814,749</b>	<b>80,627</b>

## Supplemental cash flows information: -

## Non-cash item

Restructure of investment to loan to associated company	-	102,725	-	-
Transferred land and construction to property development cost	87,614	21,861	-	2,511
Reversal of revaluation surplus for land transferred to property development cost	38,375	-	-	-
Amortisation of revaluation surplus	62,733	39,805	14,986	16,733
Translation adjustment of associated company	13,147	1,848	-	-
Utilise of allowance for doubtful accounts	122	1,342	122	-
Derecognition of previously recognised negative goodwill	365,697	-	-	-

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

(Unaudited but reviewed)

**Laguna Resorts & Hotels Public Company Limited and its subsidiaries**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 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, 6<sup>th</sup>, 22<sup>nd</sup> - 24<sup>th</sup> 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)

## 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 the change in the composition of the subsidiaries during the current period as follow:

In June 2008, the Company has invested in the ordinary shares of Laguna Lakes Limited, which is newly established and engaged in property development, amounting to Baht 949,300 on respecting 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 June 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	15.2	-
Bangtao Grande Limited	6.0	13.9
Laguna Beach Club Limited	4.3	6.0
Laguna Banyan Tree Limited	12.5	19.4
Laguna Holiday Club Limited	3.3	3.7
TWR - Holdings Limited	2.1	3.2
Thai Wah Plaza Limited	13.0	20.4

## 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

(Unaudited but reviewed)

TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become 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.

**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.

(Unaudited but reviewed)

**3. Trade accounts receivable**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
Trade accounts receivable - hotel operations	223,879	483,773	30,415	82,574
Less: Allowance for doubtful accounts	(10,842)	(8,735)	(1,761)	(1,884)
Trade accounts receivable - hotel operations, net	213,037	475,038	28,654	80,690
Trade accounts receivable - sales of property				
- Installments due	112,880	113,947	52,848	54,555
- Unbilled receivable (not yet due)	1,239,563	780,615	678,333	448,293
Current portion of long-term trade accounts receivable (Note 6)	149,087	203,221	54,811	-
Trade accounts receivable - sales of property	1,501,530	1,097,783	785,992	502,848
Trade accounts receivable - sales of holiday club memberships				
- Installments due	17,491	21,593	-	-
Current portion of long-term trade accounts receivable (Note 6)	145,541	134,608	-	-
Total	163,032	156,201	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club memberships, net	160,432	153,601	-	-
Trade accounts receivable - net	1,874,999	1,726,422	814,646	583,538

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 June	31 December	30 June	31 December
	2008	2007	2008	2007
<u>Age of receivables</u>				
Not yet due	69,709	233,501	5,750	24,795
Past due				
Less than 30 days	78,514	152,095	12,714	38,205
31 - 60 days	31,795	49,569	5,137	14,135
61 - 90 days	16,016	7,905	1,620	2,090
91 - 120 days	13,257	17,654	3,341	716
More than 120 days	14,588	23,049	1,853	2,633
Total	223,879	483,773	30,415	82,574
Less: Allowance for doubtful accounts	(10,842)	(8,735)	(1,761)	(1,884)
Trade accounts receivable - hotel operations, net	213,037	475,038	28,654	80,690



(Unaudited but reviewed)

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 June	31 December	30 June	31 December
	2008	2007	2008	2007
<u>Age of receivables</u>				
Past due				
Less than 30 days	17,154	90,977	697	46,106
31 - 60 days	38,886	15,565	18,025	3,597
61 - 90 days	9,995	7,217	297	4,818
91 - 120 days	30,296	-	26,813	-
More than 120 days	16,549	188	7,016	34
Trade accounts receivable - sales of property				
- installment due	112,880	113,947	52,848	54,555

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 June	31 December	30 June	31 December
	2008	2007	2008	2007
<u>Age of receivables</u>				
Past due				
Less than 30 days	6,205	15,269	-	-
31 - 60 days	2,658	3,040	-	-
61 - 90 days	852	1,537	-	-
91 - 120 days	560	976	-	-
More than 120 days	7,216	771	-	-
Total	17,491	21,593	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club memberships, net	14,891	18,993	-	-

(Unaudited but reviewed)

#### 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.

#### Transactions between the Group (the Company and its subsidiaries) and related companies

(Unit: Million Baht)

	Payee	Payer	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy
			30 June		30 June		
			2008	2007	2008	2007	
Interest	LBTL	LBTH	5.1	4.5	9.8	9.0	(15) agreement
	Others		0.1	-	0.2	-	(22) agreement
Reimbursement of costs	BTH	LRH	22.6	16.8	39.6	23.6	(2) agreed basis
	BTHR	LBTL	7.4	9.6	18.5	22.4	(2) agreed basis
	BTHR	LRH	0.5	0.1	0.9	0.2	(2) agreed basis
	BTHR	TWPL	2.7	3.7	5.5	6.8	(2) agreed basis
	BTRS(T)	BTG(T)	0.9	0.4	1.4	1.0	(2) agreed basis
	BTRS(T)	TWPL	0.9	0.7	1.2	1.3	(2) agreed basis
	LBC	BTHR	1.0	-	1.0	-	(2) agreed basis
	LBTL	BTHR	7.9	2.5	12.7	4.9	(2) agreed basis
	LBTL	BTRS	2.8	0.1	2.8	0.2	(2) agreed basis
	LBTL	BTRS(T)	2.3	1.9	4.3	4.0	(2) agreed basis
	LBTL	LBTH	3.1	0.1	3.2	0.1	(2) agreed basis
	LBTL	PTBH	2.2	0.1	2.2	0.2	(2) agreed basis
	LGL	BYI	1.7	-	1.7	-	(2) agreed basis
	LRH	BTHR	16.4	1.4	18.8	2.4	(2) agreed basis
	LRH	BTR	0.6	0.6	1.5	1.4	(2) agreed basis
	LRH	BTRS(T)	0.5	0.1	1.2	0.3	(2) agreed basis
	PTBH	AVCI	2.3	3.6	8.9	6.9	(2) agreed basis
	TWPL	BTHR	2.4	4.7	5.6	9.6	(2) agreed basis
	TWPL	BTRS(T)	3.5	1.6	6.6	3.6	(2) agreed basis
	TWPL	TWFP	0.3	0.2	0.6	0.4	(2) agreed basis
TWPL	USC	0.4	0.2	0.6	0.3	(2) agreed basis	
Others		3.5	-	5.7	3.1	(2) agreed basis	

(Unaudited but reviewed)

(Unit: Million Baht)

	Payee	Payer	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy
			30 June		30 June		
			2008	2007	2008	2007	
Inter resort charges	BTRS(T)	BGL	4.7	5.8	13.0	12.6	(3) agreed basis
	BTRS(T)	LBC	1.8	1.6	5.0	4.7	(3) agreed basis
	BTRS(T)	LBTL	11.8	12.8	29.5	31.0	(3) agreed basis
	BTRS(T)	LHC	0.3	0.4	1.0	1.0	(3) agreed basis
	BTRS(T)	LRH	2.7	2.8	6.1	6.7	(3) agreed basis
	BTRS(T)	TWPL	5.2	5.3	12.3	10.8	(3) agreed basis
	Others		-	-	0.1	-	(3) agreed basis
Credit card commission	TWPL	BTRS(T)	0.2	0.2	0.6	0.5	(4) agreed basis
	Others		0.1	0.3	0.4	0.5	(4) agreed basis
Commission on spa guests	LBC	BTRS(T)	0.1	0.1	0.5	0.4	(5) agreed basis
Commission on consignment sales	Others		0.8	0.9	1.6	1.8	(17) agreed basis
Resort service charges	LSC	BTRS(T)	1.9	1.5	3.9	3.0	(6) agreed basis
Management fees	BTHR	LBTL	12.5	15.4	50.5	47.5	(8)(i), (iv) agreement
	BTHR	LGL	0.5	0.7	2.6	2.8	(8)(ii) agreement
	BTHR	TWPL	14.6	12.9	36.5	33.0	(8)(iii), (iv) agreement
	Others		-	-	-	0.3	(7) agreements
Rent and service	BGL	BTRS(T)	0.4	0.6	1.0	1.1	(10)(i) agreement
	BTP	BTG(S)	0.9	-	1.9	-	(10)(x) agreement
	LBTL	BTRS(T)	1.4	1.4	3.4	3.5	(10)(i) agreement
	LRH	BTRS(T)	0.3	0.4	0.7	0.8	(10)(i) agreement
	TWPL	BTRS(T)	1.2	1.2	2.7	2.9	(10)(i),(ii) agreement
	TWPL	TDC	0.5	0.4	1.0	0.9	(10)(ii) agreement
	TWPL	TWFP	1.4	1.5	2.9	2.7	(10)(ii) agreement
	TWPL	USC	1.6	2.0	3.5	4.0	(10)(ii) agreement
	Others		0.4	0.7	0.4	1.0	(10) agreement
Purchase of goods	BTG(S)	BTHR	0.8	0.1	1.0	0.3	(9)(iii) agreed basis
	BTG(S)	BTRS	4.0	1.6	4.0	1.7	(9)(iii) agreed basis
	BTG(S)	BTS(HK)	2.3	-	2.3	-	(9)(iii) agreed basis
	BTG(S)	BTRS(T)	0.1	-	0.3	0.6	(9)(i), (iii) agreed basis
	BTG(S)	HSE	-	0.2	0.4	0.4	(9)(iii) agreed basis
	BTG(S)	LBTH	-	1.5	-	4.5	(9)(iii) agreed basis
	BTG(S)	MA	0.4	2.4	0.5	3.0	(9)(iii) agreed basis
	BTG(S)	PTBH	1.5	1.8	1.9	2.6	(9)(iii) agreed basis
	BTG(S)	RSP	-	0.4	0.5	0.4	(9)(iii) agreed basis
	BTG(S)	VM	-	1.7	-	1.7	(9)(iii) agreed basis
	BTG(S)	WYLH	0.5	-	1.3	-	(9)(iii) agreed basis
	BTG(T)	BTRS(T)	0.6	0.3	1.5	1.6	(9)(i), (iii) agreed basis
	Others		1.0	0.2	1.9	0.4	(9)(i), (iii) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	Payee	Payer	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy
			30 June		30 June		
			2008	2007	2008	2007	
Purchase of Gallery Vouchers	BTG(S)	BTHR	-	0.1	1.9	1.6	(13) agreed basis
	BTG(T)	BTRS(T)	-	0.2	1.5	1.6	(13) agreed basis
	Others		-	-	2.3	2.3	(13) agreed basis
Purchase of Spa Vouchers	BTS	LRH	-	-	1.8	1.7	(13) agreed basis
	Others		-	-	0.4	1.6	(13) agreed basis
Spa service	BTRS(T)	LHC	0.4	0.4	0.7	0.6	(16) agreed basis
Rental return on hotel units	CGL	PTBH	1.0	1.5	2.0	3.1	(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
	LRH	CSN	0.3	-	2.7	-	At market price
	LRH	HLF	1.2	-	9.1	-	At market price
	LRH	KPH	0.3	-	2.7	-	At market price
	LRH	MRA	4.0	-	9.7	-	At market price
	LRH	SSK	0.3	-	30.4	-	(19) agreement
	TWPL	KPH	-	-	8.2	-	(19) agreement
	TWRH	SDR	0.4	-	3.2	-	(19) agreement
Purchase of hotel units	PTBH	AVCI	-	-	13.0	-	(20) agreed basis
Termination of leasehold rights of hotel units	CGL	KR	-	-	13.0	-	(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 periods ended		For the six-month periods ended		Transfer pricing policy
			30 June		30 June		
			2008	2007	2008	2007	
Interest	BGL	LGL	14.7	12.3	28.6	26.6	(1) agreement
	BTD	LGL	0.4	0.7	0.8	1.5	(1) agreement
	LBTL	AVCI	1.1	0.6	2.1	1.2	(1) agreement
	LGL	LRH	15.0	11.8	28.1	22.5	(1) agreement
	LHC	CGL	0.6	1.2	1.2	2.4	(1) agreement
	LHC	LRH	-	1.2	-	1.6	(1) agreement
	LRH	LBTL	7.4	4.2	14.1	7.3	(1) agreement
	LRH	LHC	0.6	-	0.8	-	(1) agreement
	LRH	LLL	0.4	-	0.4	-	(1) agreement

(Unaudited but reviewed)

(Unit: Million Baht)

	Payee	Payer	For the three-month		For the six-month		Transfer pricing policy
			periods ended		periods ended		
			30 June		30 June		
		2008	2007	2008	2007		
Interest	LRH	TWRH	9.9	16.3	20.6	32.2	(1) agreement
	MCP	TWRH	0.8	0.7	1.5	1.7	(1) agreement
	PSD	TWRH	2.5	2.2	4.8	5.6	(1) agreement
	TWDC	PSD	1.9	1.7	3.6	4.4	(1) agreement
	TWRH	TWPL	2.9	19.5	6.9	39.0	(1) agreement
	TWT	TWPL	0.4	0.4	0.8	0.9	(1) agreement
	Others		0.7	0.4	0.7	1.1	(1) agreement
	Reimbursement of costs	AVCI	LHC	0.2	1.6	2.1	2.4
BGL		LHC	1.0	1.4	2.2	2.6	(2) agreed basis
BGL		LRH	0.4	0.5	0.8	1.1	(2) agreed basis
BTG(T)		BTG(S)	0.5	0.2	1.5	0.3	(2) agreed basis
LBC		LSC	0.9	0.7	1.1	0.8	(2) agreed basis
LBTL		BTG(T)	0.4	0.3	0.9	0.6	(2) agreed basis
LBTL		LGL	0.9	1.0	2.2	2.2	(2) agreed basis
LBTL		LHC	0.5	0.2	0.8	0.4	(2) agreed basis
LBTL		LRH	0.7	0.3	1.4	0.8	(2) agreed basis
LBTL		LSC	0.6	0.4	1.3	0.9	(2) agreed basis
LBTL		TWPL	2.9	-	3.0	5.2	(2) agreed basis
LEL		LHC	1.2	0.8	2.3	1.3	(2) agreed basis
LGL		LBTL	0.7	-	0.8	0.2	(2) agreed basis
LHC		AVCI	0.5	0.4	1.0	1.0	(2) agreed basis
LHC		LBTL	0.5	0.9	0.9	1.2	(2) agreed basis
LHC		LSC	0.1	0.1	2.1	0.2	(2) agreed basis
LRH		BGL	14.0	7.6	18.2	12.7	(2) agreed basis
LRH		LBC	6.9	3.8	8.6	6.3	(2) agreed basis
LRH		LBTL	11.8	6.3	14.9	11.6	(2) agreed basis
LRH		LGL	0.8	0.5	1.4	0.8	(2) agreed basis
LRH		LHC	0.9	1.8	2.7	3.6	(2) agreed basis
LRH		LSC	1.1	1.2	2.9	2.0	(2) agreed basis
TWPL		BTG(T)	0.3	0.4	0.7	0.7	(2) agreed basis
TWPL		LBTL	0.6	0.8	1.0	1.4	(2) agreed basis
TWPL		LHC	1.0	1.2	1.9	2.3	(2) agreed basis
TWPL		LRH	3.5	3.4	6.8	6.6	(2) agreed basis
TWRH		LGL	-	-	0.5	-	(2) agreed basis
TWRH		LHC	0.5	-	0.9	-	(2) agreed basis
Others			7.0	0.4	10.2	6.4	(2) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	Payee	Payer	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy	
			30 June		30 June			
			2008	2007	2008	2007		
Inter resort charges	BGL	LBC	0.2	0.8	1.1	1.4	(3) agreed basis	
	BGL	LBTL	0.5	0.8	1.7	2.2	(3) agreed basis	
	BGL	LHC	0.2	0.3	0.8	0.6	(3) agreed basis	
	BGL	LRH	0.7	0.7	1.5	1.5	(3) agreed basis	
	BTG(T)	BGL	0.3	0.4	0.9	1.0	(3) agreed basis	
	BTG(T)	LBC	0.2	0.3	0.6	0.8	(3) agreed basis	
	BTG(T)	LBTL	2.1	1.8	6.0	5.9	(3) agreed basis	
	BTG(T)	LGL	1.6	1.9	4.4	5.1	(3) agreed basis	
	BTG(T)	TWPL	0.8	0.7	1.9	1.6	(3) agreed basis	
	LBC	BGL	0.2	0.5	0.7	1.0	(3) agreed basis	
	LBC	LBTL	0.1	0.2	0.4	0.5	(3) agreed basis	
	LBC	LRH	0.5	0.6	0.8	0.9	(3) agreed basis	
	LBTL	BGL	1.1	1.2	3.1	3.1	(3) agreed basis	
	LBTL	LBC	0.1	0.2	0.4	0.6	(3) agreed basis	
	LBTL	LHC	2.5	2.0	8.5	4.9	(3) agreed basis	
	LBTL	LRH	0.5	0.3	1.6	1.3	(3) agreed basis	
	LEL	BGL	5.5	6.9	15.5	14.2	(3) agreed basis	
	LEL	LBC	2.4	2.9	6.5	6.8	(3) agreed basis	
	LEL	LBTL	5.0	4.1	14.4	11.4	(3) agreed basis	
	LEL	LHC	1.2	0.7	2.9	1.2	(3) agreed basis	
	LEL	LRH	2.2	2.6	6.3	6.3	(3) agreed basis	
	LGL	BGL	1.1	1.4	3.6	3.6	(3) agreed basis	
	LGL	LBC	0.2	0.5	0.8	1.1	(3) agreed basis	
	LGL	LBTL	1.8	2.1	6.5	6.4	(3) agreed basis	
	LGL	LHC	0.4	0.4	0.9	1.0	(3) agreed basis	
	LGL	LRH	0.5	0.4	2.0	1.5	(3) agreed basis	
	LRH	BGL	0.7	0.8	1.9	2.6	(3) agreed basis	
	LRH	LBC	0.5	1.2	1.3	2.1	(3) agreed basis	
	LRH	LBTL	0.5	0.6	1.5	1.9	(3) agreed basis	
	Others			0.6	0.1	1.6	0.3	(3) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	Payee	Payer	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy
			30 June		30 June		
			2008	2007	2008	2007	
Credit card commission	Others		0.6	0.5	1.5	1.0	(4) agreed basis
Resort service charges	LSC	BGL	13.5	12.6	27.9	25.9	(6) agreed basis
	LSC	LBC	7.3	6.0	14.8	12.6	(6) agreed basis
	LSC	LBTL	12.6	11.0	26.2	24.0	(6) agreed basis
	LSC	LEL	1.2	0.1	2.2	0.7	(6) agreed basis
	LSC	LGL	2.0	1.5	4.4	3.3	(6), (21) agreed basis
	LSC	LHC	5.6	3.7	11.1	6.2	(6), (21) agreed basis
	LSC	LRH	13.7	8.5	28.9	17.3	(6), (21) agreed basis
	LSC	TWDC	1.1	0.4	1.8	0.8	(6), (21) agreed basis
	LSC	TWPL	0.7	-	1.4	0.1	(6), (21) agreed basis
	LSC	TWRH	2.0	-	2.8	0.1	(6), (21) agreed basis
	Others		-	0.2	0.1	0.2	(6) agreed basis
Management fees	LRH	LBTL	-	-	2.5	1.7	(7) agreement
	LRH	LHC	-	-	-	7.2	(7) agreement
	LRH	TWPL	-	-	0.8	11.3	(7) agreement
Rent and service	BTD	BGL	1.2	0.9	2.2	1.9	(10)(iv) agreement
	BTD	LBTL	2.0	1.8	4.0	3.7	(10)(iv) agreement
	BTD	LGL	0.5	0.6	1.1	1.1	(10)(iv) agreement
	L1	LBC	0.8	0.7	1.5	1.4	(10)(iv) agreement
	L3	LBTL	0.5	0.4	1.0	0.9	(10)(iv) agreement
	LBC	BTG(T)	0.4	0.4	0.7	0.7	(10)(vi) agreement
	LBTL	BTG(T)	0.3	0.3	0.9	0.8	(10)(i) agreement
	LGL	LBTL	1.4	1.4	3.3	3.1	(10)(i), (v) agreement
	LHC	LBTL	0.1	0.1	0.5	0.3	(10)(i) agreement
	LRH	LGL	0.7	0.4	1.2	0.8	(10)(iii) agreement
	LRH	LHC	1.1	1.2	2.3	2.5	(10)(iii) agreement
	LSC	BGL	0.9	0.2	0.9	0.5	(10)(viii), (ix) agreement
	PKRD	LRH	0.5	0.2	0.8	0.5	(10)(iv) agreement
	TWPL	BTG(T)	0.5	0.4	1.2	0.7	(10)(i), (ii) agreement
	TWPL	LHC	0.5	0.5	1.1	1.1	(10)(ii) agreement
	TWPL	LRH	4.0	3.1	7.7	5.8	(10)(ii) agreement
	TWT	TWPL	1.2	1.2	2.5	2.5	(10)(v) agreement
	TWT2	TWPL	0.9	0.6	1.7	1.3	(10)(vii) agreement
	Others		2.8	2.5	5.2	4.5	(10) agreements

(Unaudited but reviewed)

(Unit: Million Baht)

	Payee	Payer	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy
			30 June		30 June		
			2008	2007	2008	2007	
Purchase of goods	BTG(S)	BTG(T)	0.8	-	0.8	1.2	(9)(ii) agreed basis
	BTG(T)	BTG(S)	0.5	-	0.8	3.4	(9)(ii) agreed basis
	BTG(T)	LBTL	3.4	7.4	5.7	12.7	(9)(i), (iii) agreed basis
	BTG(T)	LHC	0.7	1.0	1.2	1.7	(9)(i), (iii) agreed basis
	BTG(T)	LRH	0.4	0.1	0.5	0.1	(9)(i) agreed basis
	BTG(T)	TWPL	0.8	5.0	2.0	7.2	(9)(i), (iii) agreed basis
	Others		0.1	-	0.5	0.5	(9)(i), (iii) agreed basis
Purchase of water	LGL	LSC	0.7	0.6	1.5	1.4	(12) agreed basis
Golf course service	LGL	LEL	0.6	1.1	2.8	3.7	(18) agreed basis
Purchase of Gallery Vouchers	BTG(T)	LRH	-	0.1	1.7	1.9	(13) agreed basis
	BTG(T)	LHC	0.4	0.2	1.3	0.9	(13) agreed basis
	Others		0.1	0.1	2.3	2.6	(13) agreed basis
Purchase of land	LGL	TWPL	-	7.6	-	7.6	(23) Land Purchase Agreement
Guarantee fee	BGL	LRH	-	1.1	-	1.1	(14) agreed basis
	BT1	LRH	0.3	0.6	0.5	0.6	(14) agreed basis
	BTD	LBTL	0.2	1.0	0.5	1.0	(14) agreed basis
	BTD	LRH	0.2	2.3	0.4	2.3	(14) agreed basis
	L3	LRH	0.1	0.6	0.2	0.6	(14) agreed basis
	LBTL	LRH	0.2	0.8	0.3	0.8	(14) agreed basis
	LGL	LBTL	2.2	1.0	4.4	1.0	(14) agreed basis
	LGL	LRH	0.2	1.5	0.4	1.5	(14) agreed basis
	LRH	LBTL	1.2	3.3	2.4	3.3	(14) agreed basis
	PKRD	LRH	-	0.5	-	0.5	(14) agreed basis
	TWT	TWPL	-	1.2	-	1.2	(14) agreed basis
	Others		0.8	2.3	1.1	2.3	(14) agreed basis
Commission on property sales	BGL	LRH	0.4	-	0.4	-	(24) agreed basis
	LBTL	TWDC	2.1	-	2.1	-	(24) agreed basis



LRH : Laguna Resorts & Hotels Public Company Limited

**Subsidiaries**

AVCI : PT. AVC Indonesia  
BGL : Bangtao Grande Limited  
BT1 : Bangtao (1) 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 company**

LBTH : Lijiang Banyan Tree Hotel Company 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
MA	:	Maldives Angsana 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 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 was charged at Baht 100 per square metre per month.
- (iii) Rental of space and service in Canal Village. The rates charged range from Baht 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. The rental period is 8 years, ending December 2012.
- (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 6% and 7.25% per annum and are repayable within 24 months 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
- (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 and is subject to interest at the group's cost of funds plus 0.5% per annum. The monthly repayments consist of both interest and principal.
- (23) The sales and purchases of land in Chiangmai and Phuket were made among 100% owned subsidiaries and was set at a level based on the official Land Department valuation.



(Unaudited but reviewed)

(24) These commissions are paid by property sales companies to incentivise the hotels to introduce their guests and facilitate 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 June 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 June 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:

(Unaudited but reviewed)

**Amounts due from related companies**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Subsidiaries</b>				
Bangtao Grande Limited	-	-	11,562	6,038
Laguna Grande Limited	-	-	1,758	985
Laguna Service Company Limited	-	-	570	564
Laguna Banyan Tree Limited	-	-	25,811	25,269
Laguna Beach Club Limited	-	-	5,569	7,962
Laguna Holiday Club Limited	-	-	1,964	4,086
Thai Wah Plaza Limited	-	-	392	573
TWR - Holdings Limited	-	-	4,590	4,224
Others	-	-	1,003	715
	-	-	53,219	50,416
<b>Associated company</b>				
Lijiang Banyan Tree Hotel Co. Ltd.	38,970	33,180	197	180
<b>Related companies</b>				
Banyan Tree Resorts & Spas (Thailand) Company Limited	2,362	5,290	-	-
Banyan Tree Hotels & Resorts Pte. Ltd.	41,839	7,773	22,826	5,161
Banyan Tree Holdings Limited	10,774	29,656	-	238
Banyan Tree Indochina (GP) Co., Ltd.	2,529	-	555	-
Banyan Tree (Private) Limited	3,925	3,597	-	-
Banyan Tree Spas Pte. Ltd.	2,804	1,098	-	-
Banyan Tree Spas (HK) Limited	2,409	-	-	-
Banyan Tree Resorts Limited	1,440	742	1,147	621
Banyan Tree Resorts (Seychelles) Limited	7,284	8,088	15	15
Banyan Tree Resorts & Spas Morocco	-	193	-	193
Reef Services Pty. Ltd.	2,978	2,606	-	-
Banyan Tree Spas Sdn Bhd	563	-	-	-
Maldives Angsana Pvt. Ltd.	366	627	-	-
PT Bintan Hotels	6,287	5,907	22	37
Vabbinvest Maldives Pvt. Ltd.	426	2,043	-	14
Jiwa Renga Resorts Limited	4,112	4,409	21	21
Heritage Spas Dubai LLC	1,029	1,146	-	-
Heritage Spa Egypt LLC	1,306	-	-	-
Thai Wah Food Products Public Company Limited	8	59	8	5
Kingley Realty Limited	-	-	-	-
Maldives Bay Pvt. Ltd.	1,315	1,733	160	137
Club Management Limited	874	-	-	-
Others	505	714	-	-
	95,135	75,681	24,754	6,442
	134,105	108,861	78,170	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			30 June 2008
	31 December 2007	Addition	Repayment	
Laguna (3) Limited	1,500	-	(1,500)	-
Laguna Banyan Tree Limited	553,000	267,500	(489,000)	331,500
Laguna Holiday Club Limited	29,400	93,770	(61,000)	62,170
Laguna Lakes Limited	-	416,701	-	416,701
TWR - Holdings Limited	896,700	402,000	(792,190)	506,510
	<u>1,480,600</u>	<u>1,179,971</u>	<u>(1,343,690)</u>	<u>1,316,881</u>

### Long-term loan to associated company

As at 30 June 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 2007	Exchange rate adjustment	30 June 2008
Lijiang Banyan Tree Hotel Co. Ltd.	<u>298,708</u>	<u>(2,151)</u>	<u>296,557</u>

### Long-term loans to employees

(Unit: Thousand Baht)

Employees of the companies	Consolidated financial statements			30 June 2008
	31 December 2007	Addition	Repayment	
Laguna Resorts & Hotels Public Company Limited	10,803	5,758	(302)	16,259
Bangtao Grande Limited	3,008	-	(3,008)	-
Laguna Banyan Tree Limited	3,384	-	(381)	3,003
Laguna Grande Limited	9,120	-	-	9,120
Laguna Holiday Club Limited	4,626	-	(155)	4,471
Laguna Service Company Limited	3,104	-	-	3,104
	<u>34,045</u>	<u>5,758</u>	<u>(3,846)</u>	<u>35,957</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Employees of the company	Separate financial statements			30 June 2008
	31 December 2007	Addition	Repayment	
Laguna Resorts & Hotels Public Company Limited	10,803	5,758	(302)	16,259

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 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Subsidiaries</b>				
Bangtao Grande Limited	-	-	32,511	2,300
Bangtao (1) Limited	-	-	460	1,266
Bangtao (2) Limited	-	-	411	910
Bangtao (3) Limited	-	-	114	-
Bangtao (4) Limited	-	-	67	371
Bangtao Development Limited	-	-	412	2,966
Banyan Tree Gallery (Thailand) Limited	-	-	-	94
Laguna Banyan Tree Limited	-	-	32,123	4,121
Laguna Beach Club Limited	-	-	85	886
Laguna Excursions Limited	-	-	623	1,630
Laguna Grande Limited	-	-	6,707	7,909
Laguna Holiday Club Limited	-	-	108	756
Laguna Service Company Limited	-	-	7,729	5,774
Laguna (3) Limited	-	-	206	1,117
Phuket Resort Development Limited	-	-	376	1,257
Thai Wah Plaza Limited	-	-	1,796	1,850
Twin Waters Development Company Limited	-	-	45	-
TWR - Holdings Limited	-	-	189	17,256
	-	-	83,962	50,463

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
<b>Related companies</b>				
Banyan Tree Resorts & Spas (Thailand) Company Limited	4,656	11,467	516	1,379
Banyan Tree Spas Pte. Ltd.	1,902	-	1,273	-
Banyan Tree Hotels & Resorts Pte. Ltd.	29,996	49,486	399	-
Banyan Tree Resorts (Seychelles) Limited	317	-	-	-
Banyan Tree Holdings Limited	22,575	10,139	22,575	10,139
Wanyue Leisure Health (Shanghai) Company Limited	1,053	-	-	-
PT Bintan Hotels	354	-	-	-
Others	698	363	-	239
	<u>61,551</u>	<u>71,455</u>	<u>24,763</u>	<u>11,757</u>
Total	<u>61,551</u>	<u>71,455</u>	<u>108,725</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 June 2008
	31 December 2007	Addition	Repayment	
Laguna Grande Limited	1,040,350	402,000	(185,370)	1,256,980
Laguna (3) Limited	-	1,500	-	1,500
	<u>1,040,350</u>	<u>403,500</u>	<u>(185,370)</u>	<u>1,258,480</u>

(Unaudited but reviewed)

## 5. Property development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Property for sales under holiday club memberships	471,773	416,004	-	-
Completed buildings	39,892	20,393	-	-
Land	2,186	5,443	3,449	6,455
Leasehold Land	3,000	-	-	-
Property under construction	455,333	525,498	167,081	215,029
	972,184	967,338	170,530	221,484
Less: Allowance for diminution in market value of property under construction	(91,418)	(91,418)	-	-
Property development cost - net	880,766	875,920	170,530	221,484

## 6. Long-term trade accounts receivable

Long-term trade accounts receivable consists 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 5 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 June 2008	31 December 2007	30 June 2008	31 December 2007
Within one year (Note 3)				
- Sales of property	149,087	203,221	54,811	-
- Sales of holiday club membership	145,541	134,608	-	-
	<u>294,628</u>	<u>337,829</u>	<u>54,811</u>	<u>-</u>
Between 2 - 4 years				
- Sales of property	196,124	144,133	69,781	-
- Sales of holiday club membership	111,709	134,483	-	-
Long-term trade accounts receivable	<u>307,833</u>	<u>278,616</u>	<u>69,781</u>	<u>-</u>
Total	<u>602,461</u>	<u>616,445</u>	<u>124,592</u>	<u>-</u>

## 7. Investments in subsidiaries

Company's name	Separate financial statements					
	Paid-up share capital		Shareholding percentage		Cost	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	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
<b><u>Subsidiaries held through TWR - Holdings Limited</u></b>						
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 <sup>(1)</sup>	500.0	500.0	100	100	835.1	835.1
Laguna Beach Club Limited <sup>(2)</sup>	200.0	200.0	60	60	85.0	85.0
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	
	30 June	31 December	30 June	31 December	30 June	31 December
	2008	2007	2008	2007	2008	2007
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
Laguna Excursions Limited	5.0	5.0	49	49	-	-
Laguna Grande Limited	1,000.0	1,000.0	100	100	914.4	914.4
<b><u>Subsidiaries held through Laguna Grande Limited</u></b>						
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	-	-
<b><u>Other subsidiaries</u></b>						
Laguna Lakes Limited	1.0	-	95	-	0.9	-
Laguna Service Company Limited <sup>(3)</sup>	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
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
Cheer Golden Limited	-	-	100	100	-	-
<b>Total investments in subsidiaries</b>					<b>3,492.2</b>	<b>3,491.3</b>

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

## 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 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
			%	%				
Ownrep Project Services Pte Limited	SGD 2 million	SGD 2 million	50.00	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	364,051	269,105
Tropical Resorts Limited	USD 50.5 million	-	25.87	-	41,356	-	37,978	-
Total investments in associated companies					407,879	366,523	402,029	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)

**9. Other long-term investments**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b>Investment in available-for-sale securities</b>				
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	21,974	21,974	13,674	13,674
<b>Investments in other companies</b>				
Bibace Investments Limited	188,424	188,424	-	-
Tropical Resorts Limited	-	1	-	-
Total investments in other companies	188,424	188,425	-	-
<b>Total other long-term investments</b>	<b>210,398</b>	<b>210,399</b>	<b>13,674</b>	<b>13,674</b>

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.

**10. Property, plant and equipment / land awaiting development**

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
<b>At cost / revaluation value</b>		
Balance as at 31 December 2007	23,415,344	2,534,422
Additions	150,131	17,373
Disposals and write off	(9,375)	(791)
Transfer out	(129,213)	-
Adjustments	(3,843)	-
Balance as at 30 June 2008	23,423,044	2,551,004
<b>Accumulated depreciation</b>		
Balance as at 31 December 2007	(4,747,892)	(533,173)
Depreciation charged for the period	(207,509)	(27,655)
Depreciation for revaluation	(62,733)	(14,986)
Transfer out	3,224	-
Depreciation on disposals and write off	6,300	643
Balance as at 30 June 2008	(5,008,610)	(575,171)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	<u>Consolidated</u> <u>financial statements</u>	<u>Separate</u> <u>financial statements</u>
<b>Net book value</b>		
Balance as at 31 December 2007	18,667,452	2,001,249
Balance as at 30 June 2008	18,414,434	1,975,833

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 June 2008, the Company and its subsidiaries have pledged land, land awaiting development and hotel buildings at fair value of Baht 14,750 million (31 December 2007: Baht 14,992 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Baht 1,723 million, 31 December 2007: Baht 1,568 million).

#### **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 4.10% to 5.33% 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.

(Unaudited but reviewed)

## 12. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Accrued expenses	313,138	388,970	73,476	96,565
Advance receipts from customers	266,886	448,615	10,220	28,610
Other accounts payable	115,799	135,518	34,165	40,879
Construction payable	306,356	223,021	89,039	108,815
Service charge payable to hotel staff	19,127	54,840	4,727	9,953
Value added tax payable	58,973	68,908	5,486	-
Accrued rental to villa owners	122,484	83,533	-	-
Unearned income	23,031	1,535	-	-
	<u>1,225,794</u>	<u>1,404,940</u>	<u>217,113</u>	<u>284,822</u>

## 13. Long - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
Secured	<u>3,447,055</u>	<u>3,305,262</u>	<u>532,000</u>	<u>632,000</u>
Long-term loans are repayable as follows:				
Within 1 year	918,790	824,914	266,000	233,000
Between 1 - 2 years	855,215	862,165	266,000	266,000
Between 3 - 5 years	1,154,025	1,285,982	-	133,000
Over 5 years	519,025	332,201	-	-
	<u>2,528,265</u>	<u>2,480,348</u>	<u>266,000</u>	<u>399,000</u>
Total	<u>3,447,055</u>	<u>3,305,262</u>	<u>532,000</u>	<u>632,000</u>

(Unaudited but reviewed)

Movements in the long-term loans account during the six-month period ended 30 June 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 : Addition	509,000	-
Less: Repayments	(367,207)	(100,000)
Balance as at 30 June 2008	<u>3,447,055</u>	<u>532,000</u>

Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
<b><u>The Company</u></b>				
(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	532,000	632,000	532,000	632,000
<b><u>Subsidiaries</u></b>				
(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	95,000	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	175,000	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	480,000	510,000	-	-

## (Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 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	30,000	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	75,000	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	55,000	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	754,805	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	240,000	280,000	-	-
(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	201,250	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	100,000	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	70,000	90,000	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2008	31 December 2007	30 June 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>3,447,055</u>	<u>3,305,262</u>	<u>532,000</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 loan 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 June 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 shareholder approved the transfer of the 2007 net income to the statutory reserve amounting to Baht 34.68 million.

#### 15. Dividends

Dividends declared in six-month period ended 30 June 2008 consists of:

	Approved by	Total dividends	Dividend per share
		Million Baht	Baht
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 June 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 31.5 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 388.9 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 agrees to acquire at first time the Land, having total area of 53 rai 2 ngarn 3.4 square wah. The subsidiary company holds its right for acquiring the remaining Land, having total area of 183 rai 3 ngarn 36.2 square wah, within 1 July 2018. On the date of registration of ownership transfer of the Land at first time, 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 on completion date of three years following 26 June 2008. The purchase price of the remaining Land shall be increased at rate of five percent 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 June 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 June 2008							
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	640	88	41	769	16	874	-	1,659
Intersegments revenues	63	7	-	70	6	-	(76)	-
Total revenues	703	95	41	839	22	874	(76)	1,659
Operating profit	343	39	25	407	6	514	-	927
Interest and other income	30	-	-	30	-	10	-	40
Exchange gains (loss)	(30)	(1)	-	(31)	-	16	-	(15)
Unallocated expenses:								
Selling and administrative expenses								(571)
Depreciation								(102)
Share of income from investment in associated companies								60
Interest expenses								(42)
Corporate income tax								2
Net income for the period								299

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 June 2007

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	679	55	43	777	16	433	-	1,226
Intersegments revenues	50	12	-	62	5	-	(67)	-
Total revenues	729	67	43	839	21	433	(67)	1,226
Operating profit	405	29	20	454	7	211	-	672
Interest and other income	15	-	-	15	-	10	-	25
Exchange loss	(7)	(1)	-	(8)	-	(1)	-	(9)
Unallocated expenses:								
Depreciation								(90)
Selling and administrative expenses								(502)
Share of income from investment in associated company								4
Interest expenses								(56)
Corporate income tax								(10)
Net income for the period								34

(Unit: Million Baht)

For the six-month period ended 30 June 2008

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	1,985	160	112	2,257	31	1,680	-	3,968
Intersegments revenues	126	11	-	137	11	-	(148)	-
Total revenues	2,111	171	112	2,394	42	1,680	(148)	3,968
Operating profit	1,308	81	61	1,450	14	999	-	2,463
Interest and other income	171	-	-	171	-	18	-	189
Exchange gains (loss)	10	(2)	-	8	-	(7)	-	1
Unallocated expenses:								
Selling and administrative expenses								(1,233)
Depreciation								(207)
Share of income from investment in associated companies								78
Interest expenses								(86)
Corporate income tax								(145)
Net income for the period								1,060

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month period ended 30 June 2007

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	1,863	113	103	2,079	32	959	-	3,070
Intersegments revenues	100	29	-	129	9	-	(138)	-
<b>Total revenues</b>	<b>1,963</b>	<b>142</b>	<b>103</b>	<b>2,208</b>	<b>41</b>	<b>959</b>	<b>(138)</b>	<b>3,070</b>
Operating profit	1,273	62	52	1,387	14	507	-	1,908
Interest and other income	36	-	-	36	-	17	-	53
Exchange gains	2	(1)	-	1	-	(5)	-	(4)
Unallocated expenses:								
Selling and administrative expenses								(1,067)
Depreciation								(178)
Share of loss from investment in associated company								(9)
Interest expenses								(119)
Corporate income tax								(109)
<b>Net income for the period</b>								<b>475</b>

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

(Unit: Million Baht)

As at 30 June 2008

	Hotel Business	Gallery Operations	Others	Total Hotel operations	Office rental	Property development	Elimination of inter-segment revenues	Total
Property, plant and equipment - net	16,334	30	1,318	17,682	683	49	-	18,414
<b>Total assets</b>	<b>19,621</b>	<b>318</b>	<b>1,380</b>	<b>21,319</b>	<b>695</b>	<b>3,832</b>	<b>-</b>	<b>25,846</b>

(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
<b>Total assets</b>	<b>19,640</b>	<b>281</b>	<b>1,386</b>	<b>21,307</b>	<b>716</b>	<b>2,991</b>	<b>-</b>	<b>25,014</b>

## 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 rate (% p.a.)
	Fixed interest rates					
	Within 1 year	1-5 years	Over 5 years (Million Baht)	Floating interest rate	Total	
<b>Financial assets</b>						
Cash equivalents (excluding cash)	87	-	-	1,311	1,398	2.25% to 2.375%
Restricted deposits at financial institution	2	-	-	-	2	2.375%
Long-term trade accounts receivable	291	302	-	9	602	7% to 12%
Long-term loan to associated company	-	-	297	-	297	7% and 7.25%
Long-term loans to employees	-	-	-	36	36	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	-	-	-	880	880	-
Long-term loans from financial institutions	-	-	-	3,447	3,447	-

(Unaudited but reviewed)

	Separate financial statements					Fixed Interest rate (% p.a.)
	Fixed interest rates					
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Total	
	(Million Baht)					
<b>Financial assets</b>						
Cash equivalents (excluding cash)	-	-	-	815	815	-
Long-term trade accounts receivable	-	-	-	125	125	-
Long-term loans to subsidiaries	-	-	-	1,317	1,317	-
Long-term loans to employees	-	-	-	16	16	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	-	-	-	510	510	-
Long-term loans from subsidiaries	-	-	-	1,258	1,258	-
Long-term loans from financial institutions	-	-	-	532	532	-

### 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 June 2008 are summarised below.

Foreign currency	Outstanding amount bought	Forward rate for outstanding amount (Baht per US dollar)	Maturity
<b>The Company</b>			
US dollar	9.6 million	41.57	USD 1.6 million due quarterly from 31 July 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	13.4 million	34.01	USD 0.8 million due quarterly from 30 September 2008 to 31 December 2008, USD 0.9 million due quarterly from 31 March 2009 to 31 December 2009, USD 1.0 million due quarterly from 31 March 2010 to 31 December 2010 and USD 1.1 million due quarterly from 31 March 2011 to 31 December 2011

Below is a summary of the Company and its subsidiaries' unhedged foreign currency-denominated assets/liabilities as at 30 June 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	26,106	966	7,317	52
Singapore dollar	588	1,514	-	982

## 20. Litigation

A case was brought to the Southern Bangkok Civil Court in which the Company is defendant. Upon the plaint, the plaintiff asks 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.

**21. Subsequent events**

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 a Company's shareholder. 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 proceeding.

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.

**22. Reclassification**

Certain amounts in the financial statements for the three-month and six-month periods ended 30 June 2007 have been reclassified to conform to the current period's classifications, with no effect on previously reported net income or shareholders' equity.

**23. Approval of interim financial statements**

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