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## MISCELLANEOUS

*\* Asterisks denote mandatory information*

Name of Announcer *	BANYAN TREE HOLDINGS LIMITED
Company Registration No.	200003108H
Announcement submitted on behalf of	BANYAN TREE HOLDINGS LIMITED
Announcement is submitted with respect to *	BANYAN TREE HOLDINGS LIMITED
Announcement is submitted by *	Jane Teah
Designation *	Company Secretary
Date & Time of Broadcast	23-Feb-2010 22:00:01
Announcement No.	00208

## &gt;&gt; ANNOUNCEMENT DETAILS

*The details of the announcement start here ...*

Announcement Title \*





Laguna Resorts &amp; Hotels Public Company Limited and its Subsidiaries Report and Consolidated Financial Statements 31 December 2009 and 2008

Description

Attached are the following announcements to the Stock Exchange of Thailand made by Laguna Resorts &amp; Hotels Public Company Limited, a subsidiary of Banyan Tree Holdings Limited:-

1. Financial Statements year 2009
2. The explanation for the operating result of the year 2009
3. Audited Yearly F/S and Consolidated F/S (F45-3)
4. BOD Resolutions - Dividend Payment and the 2010 Annual General Meeting ("AGM")

Attachments

-  [4BODApproval230210.pdf](#)
-  [3LRH-SET-F45-32009E230210.pdf](#)
-  [2ExplanationOperatingResults2009230210.pdf](#)
-  [1FinancialStatements2009230210.pdf](#)

Total size = **2173K**  
(2048K size limit recommended)

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Laguna Resorts & Hotels Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2009 and 2008

## Report of Independent Auditor

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

I have audited the accompanying consolidated balance sheets of Laguna Resorts & Hotels Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of two subsidiaries, Laguna Beach Club Limited and Laguna (1) Company Limited, which are included in these consolidated financial statements. As at 31 December 2009 and 2008, these subsidiaries had total assets of Baht 1,436.5 million and Baht 1,807.1 million, respectively, and total revenues for the years then ended of Baht 305.0 million and Baht 414.2 million, respectively. The financial statements of these subsidiaries were audited by their auditors whose reports have been furnished to me, and my opinion in so far as it relates to the amounts included for those subsidiaries in the consolidated financial statements is based solely on the reports of the other auditors.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits and the reports of other auditors as referred to in the first paragraph, provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2009 and 2008, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

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

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 23 February 2010

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		627,906,627	474,125,431	35,595,602	41,982,211
Trade accounts receivable - net	6	804,905,836	1,197,848,866	97,589,752	205,914,215
Amounts due from related parties	7	93,393,256	193,635,173	93,750,185	111,393,648
Inventories - net	8	147,632,788	171,540,088	14,311,934	16,757,515
Property development cost - net	9	1,540,103,896	1,044,632,739	133,847,783	133,493,824
Other current assets	10	210,305,337	425,011,012	49,930,391	159,293,713
<b>Total current assets</b>		<b>3,424,247,740</b>	<b>3,506,793,309</b>	<b>425,025,647</b>	<b>668,835,126</b>
<b>Non-current assets</b>					
Restricted deposits at financial institution		2,140,000	2,140,000	-	-
Long-term trade accounts receivable	11	777,252,310	843,638,829	438,197,570	511,199,415
Investments in subsidiaries	12	-	-	3,492,207,114	3,492,207,114
Investments in associates - net	13	395,392,960	419,802,119	-	-
Other long-term investments - net	14	232,222,971	188,424,686	-	-
Long-term loans to subsidiaries	7	-	-	2,408,490,629	1,699,070,629
Long-term loans to associate	7	-	308,965,052	-	-
Long-term loans to employees	7	25,112,231	34,965,908	11,682,115	14,932,640
Property, plant and equipment - net	15	15,567,799,951	18,350,362,885	1,210,525,062	1,980,965,566
Land awaiting development	15	809,396,453	811,069,743	28,638,873	28,638,873
Goodwill	12	385,491,758	385,491,758	-	-
Leasehold rights - net	16	30,939,976	34,108,008	-	-
Other non-current assets		50,438,310	53,493,328	5,719,973	11,033,629
<b>Total non-current assets</b>		<b>18,276,186,920</b>	<b>21,432,462,316</b>	<b>7,595,461,336</b>	<b>7,738,047,866</b>
<b>Total assets</b>		<b>21,700,434,660</b>	<b>24,939,255,625</b>	<b>8,020,486,983</b>	<b>8,406,882,992</b>

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	17	520,000,000	486,000,000	260,000,000	333,000,000
Trade accounts payable		248,148,955	213,234,248	32,105,563	24,374,536
Current portion of long-term loans from financial institutions	19	827,766,000	890,415,000	168,000,000	266,000,000
Amounts due to related parties	7	101,929,497	60,981,831	18,233,419	21,557,368
Corporate income tax payable		71,530,736	72,328,566	6,978,534	-
Other current liabilities	18	1,059,897,286	1,275,994,649	179,808,507	214,993,884
<b>Total current liabilities</b>		<b>2,829,272,474</b>	<b>2,998,954,294</b>	<b>665,126,023</b>	<b>859,925,788</b>
<b>Non-current liabilities</b>					
Long-term loans from subsidiaries	7	-	-	881,140,000	813,640,000
Long-term loans from financial institutions - net of current portion	19	1,956,434,408	2,098,932,743	385,000,000	133,000,000
Other non-current liabilities		91,816,069	117,067,769	23,231,702	29,174,762
<b>Total non-current liabilities</b>		<b>2,048,250,477</b>	<b>2,216,000,512</b>	<b>1,289,371,702</b>	<b>975,814,762</b>
<b>Total liabilities</b>		<b>4,877,522,951</b>	<b>5,214,954,806</b>	<b>1,954,497,725</b>	<b>1,835,740,550</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
<b>Registered</b>					
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
<b>Issued and fully paid-up</b>					
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010
Share premium		2,062,460,582	2,062,460,582	2,062,460,582	2,062,460,582
Capital reserve	20	634,698,720	634,698,720	-	-
<b>Unrealised gain</b>					
Revaluation surplus on assets	21	7,124,038,312	9,589,532,118	776,260,726	1,562,569,445
Translation adjustment		85,036,351	110,064,267	-	-
<b>Retained earnings</b>					
Appropriated - statutory reserve	22	166,682,701	151,713,962	166,682,701	151,713,962
Unappropriated		4,118,986,323	4,367,298,380	1,393,758,239	1,127,571,443
		4,285,669,024	4,519,012,342	1,560,440,940	1,279,285,405
<b>Equity attributable to the Company's shareholders</b>		<b>15,858,729,999</b>	<b>18,582,595,039</b>	<b>6,065,989,258</b>	<b>6,571,142,442</b>
Minority interest		964,181,710	1,141,705,780	-	-
<b>Total shareholders' equity</b>		<b>16,822,911,709</b>	<b>19,724,300,819</b>	<b>6,065,989,258</b>	<b>6,571,142,442</b>
<b>Total liabilities and shareholders' equity</b>		<b>21,700,434,660</b>	<b>24,939,255,625</b>	<b>8,020,486,983</b>	<b>8,406,882,992</b>

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

Directors

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2009	2008	2009	2008
<b>Revenues</b>					
Revenues from hotel operations		3,300,147,486	3,954,451,870	521,328,822	525,988,313
Revenues from property development operations		1,015,720,235	2,488,769,045	100,652,138	752,342,692
Revenues from office rental operations		58,937,556	66,024,485	-	-
Interest income		62,083,150	90,240,666	124,744,789	104,516,956
Insurance claim		23,359,564	226,111,886	2,636,951	91,772,425
Foreign exchange gain		5,063,254	-	7,065,265	-
Other income		17,553,968	86,719,559	56,925,807	51,331,563
Dividend income		-	-	629,610,833	267,997,585
<b>Total revenues</b>		<b>4,482,865,213</b>	<b>6,912,317,511</b>	<b>1,442,964,605</b>	<b>1,793,949,534</b>
<b>Expenses</b>					
Cost of hotel operations		1,322,981,750	1,541,625,938	137,816,603	154,670,834
Cost of property development operations		286,031,204	1,016,362,453	5,723,452	301,909,135
Cost of office rental operations		29,079,953	36,571,474	-	-
Selling expenses		388,139,890	539,247,463	50,022,652	65,826,546
Administrative expenses		1,448,029,856	1,707,146,995	375,789,224	361,082,627
Management benefit expenses	7	121,165,991	148,009,524	83,084,155	98,046,710
Depreciation		444,318,500	417,769,554	64,729,516	56,570,826
Other expenses		-	59,063,382	-	23,849,999
Foreign exchange loss		-	11,350,383	-	2,111,826
<b>Total expenses</b>		<b>4,039,747,144</b>	<b>5,477,147,166</b>	<b>717,165,602</b>	<b>1,064,068,503</b>
<b>Income before share of income (loss) from investments</b>					
in associates, finance cost and corporate income tax		443,118,069	1,435,170,345	725,799,003	729,881,031
Share of income (loss) from investments in associates		(3,893,511)	119,558,024	-	-
<b>Income before finance cost and corporate income tax</b>		<b>439,224,558</b>	<b>1,554,728,369</b>	<b>725,799,003</b>	<b>729,881,031</b>
Finance cost		(159,036,695)	(185,805,055)	(62,476,458)	(82,547,232)
<b>Income before corporate income tax</b>		<b>280,187,863</b>	<b>1,368,923,314</b>	<b>663,322,545</b>	<b>647,333,799</b>
Corporate income tax	24	(115,847,884)	(196,775,109)	(15,465,323)	-
<b>Net income for the year</b>		<b>164,339,979</b>	<b>1,172,148,205</b>	<b>647,857,222</b>	<b>647,333,799</b>
<b>Net income attributable to:</b>					
Equity holders of the parent		133,358,369	1,103,682,190	647,857,222	647,333,799
Minority interest		30,981,610	68,466,015	-	-
		<b>164,339,979</b>	<b>1,172,148,205</b>		
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent	25	0.80	6.62	3.89	3.88

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to the Company's shareholders										
	Issued and fully paid-up share capital	Share premium	Capital reserve	Revaluation		Retained earnings	Total equity attributable to the Company's shareholders				
Revaluation surplus on assets				Revaluation deficit on changes in value of investment	Translation adjustment			Appropriated - statutory reserve	Unappropriated	Minority interest	Total
Balance as at 31 December 2007	1,666,827,010	2,062,460,582	634,698,720	9,869,857,161	(28,856,095)	74,347,437	84,670,143	3,797,371,247	18,161,376,205	1,111,414,199	19,272,790,404
Income and expenses recognised directly in equity:											
Amortisation of revaluation surplus on assets	-	-	-	(114,067,267)	-	-	-	-	(114,067,267)	(11,399,135)	(125,466,402)
Reversal of revaluation surplus for land transferred to property development cost and land awaiting development	-	-	-	(166,257,776)	-	-	-	-	(166,257,776)	-	(166,257,776)
Reversal of revaluation deficit on changes in value of investment	-	-	-	28,856,095	-	-	-	-	28,856,095	1,645,215	30,501,310
Translation adjustment	-	-	-	-	-	35,716,830	-	-	35,716,830	-	35,716,830
Net income and expenses recognised directly in equity	-	-	-	(280,325,043)	28,856,095	35,716,830	-	-	(215,752,118)	(9,753,920)	(225,506,038)
Net income for the year 2008	-	-	-	-	-	-	-	1,103,682,190	1,103,682,190	68,466,015	1,172,148,205
Total income and expenses for the year	-	-	-	(280,325,043)	28,856,095	35,716,830	-	1,103,682,190	887,930,072	58,712,095	946,642,167
Dividend paid to minority interest by subsidiaries	-	-	-	-	-	-	-	-	-	(30,001,214)	(30,001,214)
Dividend paid (Note 27)	-	-	-	-	-	-	-	(466,711,238)	(466,711,238)	-	(466,711,238)
Unappropriated retained earnings transferred to statutory reserve (Note 22)	-	-	-	-	-	-	67,043,819	(67,043,819)	-	-	-
Minority interest as at date of acquisition of subsidiary	-	-	-	-	-	-	-	-	-	50,700	50,700
Minority interest from increase in share capital of subsidiary	-	-	-	-	-	-	-	-	-	1,530,000	1,530,000
Balance as at 31 December 2008	1,666,827,010	2,062,460,582	634,698,720	9,589,532,118	-	110,064,267	151,713,962	4,367,298,380	18,682,595,039	1,141,705,780	19,724,300,819

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



Laguna Resort & Hotels Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

Consolidated financial statements

	Equity attributable to the Company's shareholders							Total equity attributable to the Company's shareholders	Minority interest	Total
	Issued and fully paid-up share capital	Share premium	Capital reserve	Revaluation surplus on assets	Translation adjustment	Retained earnings				
						Appropriated - statutory reserve	Unappropriated			
Balance as at 31 December 2008	1,666,827,010	2,062,460,582	634,698,720	9,589,532,118	110,064,267	151,713,962	4,367,298,380	18,582,595,039	1,141,705,780	19,724,300,819
Income and expenses recognised directly in equity:										
Reversal of revaluation surplus on assets	-	-	-	(2,383,006,378)	-	-	-	(2,383,006,378)	(180,498,940)	(2,563,505,318)
Amortisation of revaluation surplus	-	-	-	(72,371,969)	-	-	-	(72,371,969)	(7,321,129)	(79,693,098)
Reversal of revaluation surplus for land transferred to property development cost	-	-	-	(10,115,459)	-	-	-	(10,115,459)	-	(10,115,459)
Translation adjustment	-	-	-	-	(25,027,916)	-	-	(25,027,916)	(684,995)	(25,712,911)
Net income and expenses recognised directly in equity	-	-	-	(2,465,493,806)	(25,027,916)	-	-	(2,490,521,722)	(188,505,064)	(2,679,026,786)
Net income for the year 2009	-	-	-	-	-	-	133,358,369	133,358,369	30,981,610	164,339,979
Total income and expenses for the year	-	-	-	(2,465,493,806)	(25,027,916)	-	133,358,369	(2,357,163,353)	(157,523,454)	(2,514,686,807)
Dividend paid to minority interest by subsidiaries	-	-	-	-	-	-	-	-	(20,000,916)	(20,000,916)
Dividend paid (Note 27)	-	-	-	-	-	-	(366,701,687)	(366,701,687)	-	(366,701,687)
Unappropriated retained earnings transferred to statutory reserve (Note 22)	-	-	-	-	-	14,968,739	(14,968,739)	-	-	-
Minority interest as at date of acquisition of subsidiary	-	-	-	-	-	-	-	-	300	300
Balance as at 31 December 2009	1,666,827,010	2,062,460,582	634,698,720	7,124,038,312	85,036,351	166,682,701	4,118,986,323	15,858,729,999	964,181,710	16,822,911,709

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries  
 Statements of changes in shareholders' equity  
 For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Separate financial statements					Total	
	Issued and fully paid-up share capital	Share premium	Revaluation surplus on assets	Revaluation			
				deficit on change in value of investment	Retained earnings		
	Share premium	Revaluation surplus on assets	deficit on change in value of investment	Appropriated - Statutory reserve	Unappropriated	Total	
<b>Balance as at 31 December 2007</b>	1,666,827,010	2,062,460,582	1,592,542,225	(10,175,999)	84,670,143	1,013,992,701	6,410,316,662
<b>Income and expenses recognised directly in equity:</b>							
Amortisation of revaluation surplus	-	-	(29,972,780)	-	-	-	(29,972,780)
Reversal of revaluation deficit on changes in value of investment	-	-	-	10,175,999	-	-	10,175,999
<b>Net income and expenses recognised directly in equity</b>							
<b>Net income for the year 2008</b>	-	-	(29,972,780)	10,175,999	-	-	(19,796,781)
<b>Total income and expenses for the year</b>	-	-	(29,972,780)	10,175,999	-	647,333,799	647,333,799
<b>Dividend paid (Note 27)</b>	-	-	-	-	-	647,333,799	627,537,018
<b>Unappropriated retained earnings transferred to statutory reserve (Note 22)</b>	-	-	-	-	-	(466,711,238)	(466,711,238)
<b>Balance as at 31 December 2008</b>	1,666,827,010	2,062,460,582	1,562,569,445	-	151,713,962	1,127,571,443	6,571,142,442
<b>Income and expenses recognised directly in equity:</b>							
Reversal of revaluation surplus on assets	-	-	(768,790,426)	-	-	-	(768,790,426)
Amortisation of revaluation surplus	-	-	(17,518,293)	-	-	-	(17,518,293)
<b>Net income and expenses recognised directly in equity</b>							
<b>Net income for the year 2009</b>	-	-	(786,308,719)	-	-	-	(786,308,719)
<b>Total income and expenses for the year</b>	-	-	(786,308,719)	-	-	647,857,222	647,857,222
<b>Dividend paid (Note 27)</b>	-	-	-	-	-	647,857,222	(138,451,497)
<b>Unappropriated retained earnings transferred to statutory reserve (Note 22)</b>	-	-	-	-	-	(366,701,687)	(366,701,687)
<b>Balance as at 31 December 2009</b>	1,666,827,010	2,062,460,582	776,260,726	-	14,968,739	1,393,758,239	6,065,989,258

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Statements of cash flows

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from operating activities</b>				
Net income before tax	280,187,863	1,368,923,314	663,322,545	647,333,799
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	444,318,500	417,769,554	64,729,516	56,570,826
Amortisation of leasehold rights	2,462,606	2,458,721	-	-
Allowance for doubtful accounts	23,881,160	32,511,219	6,510,854	-
Allowance for diminution in value of inventory (reversal)	365,327	(2,527,140)	-	-
Allowance for impairment loss on property, plant and equipment	-	8,233,591	-	-
Allowance for impairment of other investment	-	50,829,795	-	23,850,000
Share of loss (income) from investments in associates	3,893,511	(119,558,024)	-	-
Gain on share capital reduction of associate	-	(71,815,835)	-	-
Unrealised foreign exchange loss (gain)	(19,478,602)	17,675,652	(5,202,109)	11,640,647
Loss (gain) on sales of property, plant and equipment	77,980	(1,179,076)	(513,825)	(882,298)
Write off property, plant and equipment	13,580,590	5,420,676	225,483	-
Write off other current assets	-	18,262,736	-	-
Gain on sales of leasehold rights	-	(3,376,011)	-	-
Dividend income	-	-	(629,610,833)	(267,997,585)
Interest income	(62,083,150)	(90,240,666)	(124,744,788)	(104,516,956)
Interest expenses	159,036,695	185,805,055	62,476,458	82,547,232
Income from operating activities before changes in operating assets and liabilities	846,242,480	1,819,193,561	37,193,301	448,545,665
Operating assets (increase) decrease				
Trade accounts receivable	366,299,502	498,749,422	101,813,609	377,623,984
Amounts due from related parties	100,241,917	(84,774,312)	41,270,356	(54,595,119)
Inventories	23,541,973	(10,908,991)	2,445,581	377,508
Property development cost	(474,626,910)	(79,735,396)	(353,959)	87,990,166
Other current assets	235,537,424	(95,082,739)	114,807,026	5,014,814
Long-term trade accounts receivable	66,386,519	(565,022,545)	73,001,845	(511,199,415)
Other non-current assets	3,055,016	(40,773,152)	5,313,656	(4,170,151)

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Operating liabilities increase (decrease)				
Trade accounts payable	34,914,706	(58,238,906)	7,731,027	(9,046,203)
Amounts due to related parties	40,947,666	(10,473,361)	(2,299,816)	(39,076,285)
Other current liabilities	(199,163,172)	(133,591,695)	(35,129,816)	(68,462,051)
Other non-current liabilities	(25,251,700)	26,467,653	(5,943,061)	23,296,613
Cash flows from operating activities	1,018,125,421	1,265,809,539	339,849,749	256,299,526
Cash received for interest income	64,534,657	90,240,666	104,209,485	104,516,956
Cash paid for interest expenses	(159,095,898)	(189,353,510)	(63,556,152)	(85,259,823)
Cash paid for corporate income tax	(134,838,604)	(244,357,281)	(8,486,790)	(4,798,872)
<b>Net cash flows from operating activities</b>	<b>788,725,576</b>	<b>922,339,414</b>	<b>372,016,292</b>	<b>270,757,787</b>
<b>Cash flows from investing activities</b>				
Increase in long-term loans to subsidiaries	-	-	(709,420,000)	(218,470,629)
Decrease in long-term loans to associate	308,965,052	-	-	-
Decrease (increase) in long-term loans to employees	9,853,676	(920,908)	3,250,525	(4,129,641)
Cash payment for acquisition of land awaiting development	-	(376,255,719)	-	-
Cash payments for acquisition of property, plant and equipment	(354,899,485)	(512,928,994)	(81,421,158)	(73,527,658)
Cash received from sales of property, plant and equipment	2,672,554	11,345,454	1,111,769	8,149,431
Dividend received	-	-	626,277,650	267,997,585
Purchase of investment in subsidiary	-	-	-	(949,300)
Purchase of investment in associate	-	(41,354,839)	-	-
Purchase of other investment	(43,686,539)	-	-	-
Cash received from sales of leasehold rights	-	13,166,429	-	-
Cash received from reduction in share capital of associate	-	112,358,056	-	-
<b>Net cash flows used in investing activities</b>	<b>(77,094,742)</b>	<b>(794,590,521)</b>	<b>(160,201,214)</b>	<b>(20,930,212)</b>
<b>Cash flows from financing activities</b>				
Cash received from minority shareholders of subsidiaries	300	1,580,700	-	-
Payment of dividends	(386,702,603)	(496,712,452)	(366,701,687)	(466,711,238)
Increase (decrease) in short-term loans from financial institutions	34,000,000	(376,000,000)	(73,000,000)	(137,000,000)
Drawn down of long-term loans from subsidiaries	-	-	702,180,000	723,250,000
Repayment of long-term loans from subsidiaries	-	-	(634,680,000)	(949,960,000)
Draw down of long-term loans from financial institutions	720,000,000	509,000,000	420,000,000	-
Repayment of long-term loans from financial institutions	(925,147,335)	(824,914,000)	(266,000,000)	(233,000,000)
<b>Net cash flows used in financing activities</b>	<b>(557,849,638)</b>	<b>(1,187,045,752)</b>	<b>(218,201,687)</b>	<b>(1,063,421,238)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>153,781,196</b>	<b>(1,059,296,859)</b>	<b>(6,386,609)</b>	<b>(813,593,663)</b>
Cash and cash equivalents at beginning of year	474,125,431	1,533,422,290	41,982,211	855,575,874
<b>Cash and cash equivalents at end of year</b>	<b>627,906,627</b>	<b>474,125,431</b>	<b>35,595,602</b>	<b>41,982,211</b>

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Supplemental cash flows information</b>				
Non-cash items				
Transferred property, plant and equipment				
to property development cost	19,170,956	88,977,457	-	-
Reversal of revaluation surplus for land transferred to				
property development cost and land awaiting development	10,115,459	166,257,776	-	-
Reversal of revaluation surplus on assets	2,563,505,318	-	768,790,426	-
Amortisation of revaluation surplus	79,693,098	125,466,402	17,518,293	29,972,780
Translation adjustment of associate	(20,515,648)	30,325,427	-	-
Transferred property, plant and equipment to land				
awaiting development	-	2,690,007	-	-
Transferred land awaiting development to				
property development cost	1,673,291	-	-	-
Utilise allowance for doubtful accounts	141,861	198,644	-	122,440
Derecognition of previously recognised negative goodwill	-	365,697,420	-	-
Reversal of revaluation deficit on changes in value of investment	-	28,856,095	-	10,175,999

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

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

### **Notes to consolidated financial statements**

**For the years ended 31 December 2009 and 2008**

#### **1. General Information**

##### **1.1 Corporate information**

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

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

The Company 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. Since 1 January 2009, the Company's registered address is changed to 21/11, 21/12B, 21/13, 21/65 and 21/66 Thai Wah Tower I, 6<sup>th</sup> and 22<sup>nd</sup> Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

##### **1.2 Economic crisis**

The financial crisis experienced by the United States of America last year and H1N1 influenza epidemic have had a far reaching adverse effect on the global economy. The crisis has substantially affected the business and financial plans of Thailand tourist enterprises and asset values. Despite efforts made by governments of Thailand to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

## 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Percentage of shareholding		Country of incorporation
		2009	2008	
		%	%	
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	51.0	51.0	Singapore
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	51.0	51.0	Thailand
Laguna Banyan Tree Limited <sup>(4)</sup>	Hotel operations and property development	100.0	100.0	Thailand
Laguna Beach Club Limited <sup>(5)</sup>	Hotel operations	60.0	60.0	Thailand
Laguna Holiday Club Limited	Holiday club membership and property development	100.0	100.0	Thailand
Laguna Grande Limited	Operating a golf club and property development	100.0	100.0	Thailand
Laguna Lakes Limited	Property development <sup>(1)</sup>	94.9	94.9	Thailand
Laguna (3) Limited	Property development <sup>(2)</sup>	100.0	100.0	Thailand
Laguna Service Company Limited <sup>(6)</sup>	Provide utilities and other services to hotels of the Company and subsidiaries	89.2	89.2	Thailand
TWR - Holdings Limited	Investment holding and property development	100.0	100.0	Thailand

Company's name	Nature of business	Percentage of Shareholding		Country of incorporation
		2009	2008	
		%	%	
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	49.0	49.0	Thailand
Laguna Village Limited	Hotel operations	100.0	-	Thailand
Mae Chan Property Company Limited	Property development <sup>(1)</sup>	100.0	100.0	Thailand
Pai Samart Development Company Limited	Property development <sup>(1)</sup>	100.0	100.0	Thailand
Phuket Resort Development Limited	Property development <sup>(2)</sup>	100.0	100.0	Thailand
PT AVC Indonesia	Holiday club membership	100.0	100.0	Indonesia
Talang Development Company Limited	Property development <sup>(1)</sup>	50.0	50.0	Thailand
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	100.0	100.0	Thailand
Thai Wah Tower Company Limited	Lease of office building space	100.0	100.0	Thailand
Thai Wah Tower (2) Company Limited	Property development <sup>(3)</sup>	100.0	100.0	Thailand
Twin Waters Development Company Limited	Property development	100.0	100.0	Thailand
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Property development <sup>(2)</sup>	100.0	100.0	Thailand
Bangtao (2) Limited	Property development <sup>(2)</sup>	100.0	100.0	Thailand
Bangtao (3) Limited	Property development <sup>(1), (2)</sup>	100.0	100.0	Thailand
Bangtao (4) Limited	Property development <sup>(2)</sup>	100.0	100.0	Thailand
Bangtao Development Limited	Property development <sup>(2)</sup>	100.0	100.0	Thailand
Bangtao Grande Limited	Hotel operations	100.0	100.0	Thailand
Laguna Central Limited	Dormant	85.0	85.0	Thailand
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u>				
Lijiang Banyan Tree Gallery Trading Co., Ltd	Sale of merchandise	51.0	51.0	The People's Republic of China
<u>Subsidiaries held through Laguna Beach Club Limited</u>				
Laguna (1) Limited	Property development <sup>(2)</sup>	60.0	60.0	Thailand
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	100.0	100.0	Hong Kong

(1) Holds land plots for future development.

(2) Owns land on which the 4 hotels are situated.

(3) Owns land on which Banyan Tree Bangkok is situated.

(4) Laguna Banyan Tree Limited is held 49% by the Company and 51% through TWR - Holdings Limited.

(5) Laguna Beach Club Limited is held 10% by the Company and 50% through TWR - Holdings Limited.

(6) 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 income 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.

The percentage of the total assets and total revenues of the major subsidiaries as included in the consolidated financial statements are as follows:



Subsidiaries	Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	%	%	%	%
Bangtao Development Limited	18.1	15.7	0.9	0.6
Bangtao Grande Limited	3.8	6.0	15.7	13.9
Laguna Beach Club Limited	3.1	4.2	6.8	5.9
Laguna Banyan Tree Limited	14.0	13.8	24.8	21.0
Laguna Grande Limited	8.7	7.7	4.7	3.6
Laguna Holiday Club Limited	4.1	3.7	7.3	5.6
Laguna (1) Limited	3.5	3.1	-	-
Phuket Resort Development Limited	5.0	4.3	-	-
TWR - Holdings Limited	2.3	1.4	0.6	2.7
Thai Wah Plaza Limited	12.9	14.2	16.4	20.0

- (b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- (d) The financial statements of overseas subsidiaries are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- (e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- (f) Minority interests represent the portion of net income and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

### 3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

#### 3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007)

Impairment of Assets

TFRS 5 (revised 2007)

Non-current Assets Held for Sale  
and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while the Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Leasehold Right do not have any significant impact on the financial statements for the current year.

#### 3.2 Accounting standards which are not effective for the current year

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believed that TAS 20 is not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 40 will not have any significant impact on the financial statements for the year in which it is initially applied.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### **(a) Revenue from hotel operations**

- Revenue from hotel operations mainly comprises room sales, food and beverage sales and revenue from auxiliary activities. Sales are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts and service charges.
- Revenue from sales of merchandise (Gallery operation) are recognised when the significant risk and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value-added tax, of goods supplied after deducting discounts.

###### **(b) Revenue from property development operations**

- Revenue from the sale of land and houses.

Revenue from the sale of land and houses are recognised when a legally binding contract is signed and by applying the percentage of completion method. The percentage of completion is arrived at based on actual costs incurred as compared to the total anticipated construction costs, excluding cost of land, and based upon estimations performed by qualified engineers. Revenue is recognised when the initial payment and installments received are at least twenty percent of the contract price and the construction work is at least ten percent completed.

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

Revenue from the sale of land is recognised when the ownership has been transferred to buyers or all payments are received from the buyers.

- Revenue from sales of furniture

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

- Revenue from sale of holiday club memberships

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

(c) Revenues from rental and services

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

(d) Interest income

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

(e) Dividends

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

#### **4.2 Cost of land and houses sold**

In determining the cost of land and houses sold, the anticipated total development cost (after recognising the cost incurred to date) are attributed to units already sold and then recognised as cost in the income statements according to the percentage of completion basis.

#### **4.3 Cash and cash equivalents**

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

#### **4.4 Trade accounts receivable**

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

#### **4.5 Property development cost**

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

#### **4.6 Inventories**

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

Allowance for diminution in inventories value is set up for old, obsolete, slow-moving or deteriorated inventories.

#### **4.7 Investments in subsidiaries and associates**

- (a) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.
- (b) Investments in associates are accounted for in the consolidated financial statements using the equity method.

#### **4.8 Other long-term investments**

Long-term investments in marketable equity securities which the Company and subsidiaries intend to hold as available-for-sale securities are stated at fair value. The fair value is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.

Long-term investments in non-marketable equity securities, which the Company and subsidiaries classified as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

For long-term investments in both marketable and non-marketable equity or debt securities, a test for impairment is carried out when there is a factor indicating that such investments might be impaired. Loss on impairment (if any) is recognised in the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

When disposing of part of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined as the weighted average carrying amount of the total holding of the investment.

#### **4.9 Property, plant and equipment**

##### **(a) Operating properties**

Operating properties which consist of land, buildings, fixtures and equipment of buildings are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any). Land, buildings, fixtures and equipment of buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. As a policy, the revaluation will be performed every three years. If within that period, there are factors which may cause significant changes in the value of assets, the revaluation will be performed in that year.

(b) Other fixed assets/land awaiting development

Assets other than operating properties are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". The Company's proportional interest in the surplus from revaluation of the fixed assets of the subsidiaries (based on the Company's equity holding in the subsidiaries) is also presented under the caption of "Revaluation surplus on assets" in shareholders' equity in the balance sheet. However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation of the Company's and subsidiaries' assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

#### 4.10 Depreciation

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

Buildings and improvements	10 - 50 years
Furniture, fixtures and equipment	5 - 15 years
Operating and office equipment	3 - 10 years
Golf course	5 - 10 years
Motor vehicles	5 years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is deducted against revaluation surplus in shareholders' equity.

No depreciation has been provided for land and construction in process.

#### **4.11 Leasehold rights and amortisation**

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

The amortisation is included in determining income.

#### **4.12 Goodwill**

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.



#### **4.13 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **4.14 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.15 Impairment of assets**

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

#### **4.16 Employee benefits**

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **4.17 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.18 Income tax**

Income tax is provided for in the accounts based on taxable profits determined in accordance with tax legislation.

#### **4.19 Derivatives**

##### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains and losses from the translation are included in determining income.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

##### **Leases**

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

**Allowance for doubtful accounts**

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

**Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

**Impairment of equity investments**

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

**Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's and its subsidiaries' plant and equipment and to review estimated useful lives and salvage values when there are any changes.

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by independent valuer using market approach for land, depreciated replacement cost approach and the income approach for other revalued assets. Such valuation is based on certain assumptions and estimates.

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

## Leasehold rights/Amortisation

In calculating amortisation of lease hold rights, the management estimates useful lives of subsidiaries' plant and equipment and reviews estimated useful lives if there are any changes.

## Goodwill

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

## Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and subsidiaries' management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

## 6. Trade accounts receivable

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Trade accounts receivable - hotel operations	343,589,255	346,937,353	75,811,359	62,987,483
Less: Allowance for doubtful accounts	(23,184,285)	(18,150,160)	(3,217,139)	(1,761,387)
Trade accounts receivable - hotel operations, net	320,404,970	328,787,193	72,594,220	61,226,096
Trade accounts receivable - sales of property				
- Installments due	40,412,377	154,695,202	13,257,691	38,481,007
- Unbilled receivable (not yet due)	182,332,332	383,020,398	-	59,353,510
Current portion of long-term trade accounts receivable (Note 11)	122,876,086	150,344,031	24,349,324	54,409,980
Total	345,620,795	688,059,631	37,607,015	152,244,497
Less: Allowance for doubtful accounts				
- Trade accounts receivable - sales of property	(31,396,345)	(22,897,728)	(12,611,483)	(7,556,378)
- Current portion of long-term trade accounts receivable (Note 11)	(10,206,557)	-	-	-
Trade accounts receivable - sales of property, net	304,017,893	665,161,903	24,995,532	144,688,119
Trade accounts receivable - sales of holiday club memberships				
- Installments due	34,195,429	33,392,494	-	-
Current portion of long-term trade accounts receivable (Note 11)	148,887,544	173,107,276	-	-
Total	183,082,973	206,499,770	-	-
Less: Allowance for doubtful accounts	(2,600,000)	(2,600,000)	-	-
Trade accounts receivable - sales of holiday club memberships, net	180,482,973	203,899,770	-	-
Trade accounts receivable - net	804,905,836	1,197,848,866	97,589,752	205,914,215

The balance of trade accounts receivable - hotel operations as at 31 December 2009 and 2008, aged on the basis of invoice dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b><u>Age of receivables</u></b>				
Not yet due	180,934,307	170,754,040	57,094,418	19,021,917
Past due				
Up to 30 days	78,614,972	104,605,181	12,780,972	29,684,799
31 - 60 days	35,625,229	37,521,289	1,937,207	10,185,203
61 - 90 days	13,831,908	8,462,890	1,284,689	2,074,576
91 - 120 days	3,331,729	7,846,584	954,112	201,321
Over 120 days	31,251,110	17,747,369	1,759,961	1,819,667
Total	343,589,255	346,937,353	75,811,359	62,987,483
Less: Allowance for doubtful debts	(23,164,285)	(18,150,160)	(3,217,139)	(1,761,387)
Trade accounts receivable - hotel operations, net	320,404,970	328,787,193	72,594,220	61,226,096

The balance of installment due of trade accounts receivable - sales of property as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b><u>Age of receivables</u></b>				
Past due				
Up to 30 days	11,898,170	49,950,853	3,200,206	4,879,274
31 - 60 days	1,436,172	10,381,572	1,064,195	2,553,827
61 - 90 days	1,326,543	40,002,261	1,064,195	21,645,267
91 - 120 days	9,110,218	33,044,931	957,954	1,327,464
Over 120 days	16,641,274	21,315,585	6,971,141	8,075,175
Total	40,412,377	154,695,202	13,257,691	38,481,007
Less: Allowance for doubtful debts	(31,396,345)	(22,897,728)	(12,611,483)	(7,556,378)
Trade accounts receivable - sales of property				
- installment due, net	9,016,032	131,797,474	646,208	30,924,629

The balance of installment due of trade accounts receivable - holiday club members as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b><u>Age of receivables</u></b>				
Past due				
Up to 30 days	11,529,609	20,566,213	-	-
31 - 60 days	2,311,730	2,026,377	-	-
61 - 90 days	2,339,397	1,563,802	-	-
91 - 120 days	1,719,380	1,902,235	-	-
Over 120 days	16,295,313	7,333,867	-	-
Total	34,195,429	33,392,494	-	-
Less: Allowance for doubtful debts	(2,600,000)	(2,600,000)	-	-
Trade accounts receivable - sales of holiday club members - installment due, net	<u>31,595,429</u>	<u>30,792,494</u>	-	-

Additional information on trade accounts receivable - sales of property are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Total estimated project value	<u>9,489,135,944</u>	<u>9,357,116,838</u>	<u>1,913,835,941</u>	<u>1,913,835,941</u>
Total value of contracts signed	<u>7,858,380,999</u>	<u>7,532,899,627</u>	<u>1,713,583,184</u>	<u>1,713,060,941</u>
Percentage of total project sales	<u>83%</u>	<u>81%</u>	<u>89%</u>	<u>90%</u>
Installments due	6,655,743,060	5,837,011,592	1,251,036,290	1,088,098,033
Less: Collections	(6,615,330,683)	(5,682,316,390)	(1,237,778,599)	(1,049,617,026)
Accounts receivable - installments due	<u>40,412,377</u>	<u>154,695,202</u>	<u>13,257,691</u>	<u>38,481,007</u>
Revenues recognised	7,639,275,569	7,090,240,235	1,713,583,184	1,713,060,938
Less: Installments due	(6,655,743,060)	(5,837,011,592)	(1,251,036,290)	(1,088,098,033)
Long-term trade accounts receivable - installment receivable (Note 11)	<u>(801,200,177)</u>	<u>(870,208,245)</u>	<u>(462,546,894)</u>	<u>(565,609,395)</u>
Unbilled receivable (not yet due)	<u>182,332,332</u>	<u>383,020,398</u>	-	<u>59,353,510</u>

Unbilled receivable (not yet due) represents payments which have not yet been received from customers, but which are recognised as income under the percentage of completion method.

## 7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2009	2008	2009	2008	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Commission expenses on					
property sales	-	-	0.3	0.4	(21) agreed basis
Credit card commission receipts	-	-	0.4	0.4	(3) agreed basis
Inter resort receipts	-	-	8.4	9.8	(4) agreed basis
Inter resort payments	-	-	20.7	23.2	(4) agreed basis
Estate service expenses	-	-	0.9	0.1	(5) agreed basis
Guarantee fee income	-	-	3.5	5.0	(6) agreed basis
Guarantee fee expenses	-	-	4.7	4.7	(6) agreed basis
Interest income	-	-	96.3	81.6	(9) agreement
Interest expenses	-	-	28.8	54.6	(9) agreement
Management fee income	-	-	41.6	26.8	(11) agreement
Purchase of gallery vouchers	-	-	1.5	1.7	(12) agreed basis
Purchase of goods	-	-	0.1	0.5	(13)(i) agreed basis
Reimbursement receipts	-	-	22.8	84.2	(15) agreed basis
Reimbursement payments	-	-	19.2	23.1	(15) agreed basis
Rent and service income	-	-	10.6	9.6	(16)(i), (iii) agreement
Rent and service expenses	-	-	14.2	19.2	(16)(iv), (v), (vi) agreement
Resort service expenses	-	-	37.9	49.8	(5), (18) agreed basis
Dividend received	-	-	629.6	268.0	as declared

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2009	2008	2009	2008	
<u>Transactions with associate</u>					
Interest income	11.9	20.8	-	-	(7) agreement
Reimbursement receipts	2.8	12.4	-	-	(15) agreed basis
Sale of gallery vouchers	0.5	0.4	-	-	(12) agreed basis
Sale of goods	0.7	1.2	-	-	(13)(ii) agreed basis
<u>Transactions with related companies</u>					
Commission expenses on consignment sales	0.2	2.5	-	-	(1) agreed basis
Commission income on spa guests	0.6	0.8	-	-	(2) agreed basis
Credit card commission receipts	1.3	1.7	0.3	0.3	(3) agreed basis
Inter resort payments	106.2	119.0	10.6	10.5	(4) agreed basis
Management fee income	0.9	-	0.9	-	(22) agreement
Management fee expenses	144.4	163.0	-	-	(10), (23) agreement
Purchase of spa vouchers	7.4	1.7	3.1	1.8	(12) agreed basis
Sale of gallery vouchers	6.9	5.5	-	-	(12) agreed basis
Sale of goods	44.6	81.6	-	-	(13)(i), (ii) agreed basis
Purchase of hotel units	-	13.0	-	-	(14) agreed basis
Termination of leasehold rights of hotel units	-	13.0	-	-	(14) agreed basis
Reimbursement receipts	77.3	136.8	13.9	45.3	(15) agreed basis
Reimbursement payments	62.5	112.5	3.0	48.7	(15) agreed basis
Rent and service income	42.0	30.6	1.3	1.3	(16)(i), (iv), (vii), (viii), (ix), (x) agreement
Rent and service expenses	1.5	4.6	-	-	(16)(ii) agreement
Rental return on hotel units	4.0	4.0	-	-	(17) agreement
Resort service income	6.4	7.6	-	-	(18) agreed basis
Spa service expenses	1.2	1.3	-	-	(20) agreed basis
Training charge	5.0	-	1.6	-	(18) agreed basis
Transfer of furniture and office equipment	-	5.4	-	5.4	At 10% premium over net book value
<u>Transactions with management and directors</u>					
Interest income	4.9	2.0	4.4	2.0	(8) agreement
Sale of property	0.5	115.4	-	65.4	(19) agreement



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

- (1) Sale of goods from Banyan Tree Gallery (Singapore) Pte Ltd. 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 Banyan Tree Gallery (Singapore) Pte Ltd. to be sold at the outlets.
- (2) These charges relate to commissions earned by Laguna Beach Resort (Laguna Beach Club Limited) for its guests that it provides to the closely located Spa. This commission is paid by the Spa to incentivise the hotel 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 the hotel provides to the Spa each month.
- (3) As noted in (4) below 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 commissions charged by the credit card companies.
- (4) 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 (3) above. Such inter resort charges are also incurred at the Banyan Tree Bangkok primarily for treatments of spa and goods purchased in the shops.

(5) Estate maintenance and service charges by Laguna Service Company Limited 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
- Shuttle bus service : a fixed monthly charge
- Other ad hoc services : actual cost for material used plus a labor cost of Baht 300 per person per hour
- Estate service management<sup>(\*)</sup> : a fixed monthly charge
- In house and common area landscape works<sup>(\*)</sup> : actual cost plus certain margin

\* From October 2008, these services are being rendered by Laguna Grande Limited.

- (6) 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.
- (7) Loans have been provided to Lijiang Banyan Tree Hotel Company Limited to fund the construction of the Banyan Tree Lijiang Hotel, which are denominated in US dollars. The loans are long-term loans which carry interest at a rate of 7% and 7.25% per annum. The loans were fully repaid in August 2009.
- (8) Financial assistance provided to employees for acquisition of a property developed by the Company or its subsidiaries. A staff advance of 10% of selling price of a property is funded by the employee's employer and is repayable by the employee over a period of 5 years with monthly repayments consisting of both interest and principal. A loan by the developer equal to 80% of selling price is to be settled in full with the property developer within 5 years of the property completion. Both advance and loan are subject to interest at the group's cost of funds plus 0.5% per annum.

(9) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht, except for loans to Lijiang Banyan Tree Hotel Company Limited, which are denominated in US dollars as in (7) above. 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.

(10) The terms of the operating agreements are disclosed in Note 28 and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

Royalty agreement fee paid to Banyan Tree Hotels and Resorts Pte. Ltd. (2008: basic management fee) for the use of "Banyan Tree" trademark and all other proprietary rights associated with it.

(i) Banyan Tree Phuket (Laguna Banyan Tree Limited) pays a royalty fee of 2% of total revenue.

(ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) pays a royalty fee of 3% of total revenue.

Hotel management agreement and technical assistance agreement fees paid to Banyan Tree Resorts & Spas (Thailand) Company Limited (2008: incentive fee)

(iii) The Technical Assistance Agreement of the Banyan Tree Phuket pays a technical fee of 7.5% of gross operating profit.

(iv) The Technical Assistance Agreement to conduct the golf business pays a basic technical fee of 3% of total revenue and an incentive fee of 10% of gross operating profit.

(v) The Hotel Management Agreement of the Banyan Tree Bangkok pays a hotel management fee of 10% of gross operating profit.

(vi) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree 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 Baht 400 or Baht 450 per reservation transaction. (2008: USD 10 per reservation transaction).

The operating agreements were entered into effective January 2009 and replaced the former agreements entered into with Banyan Tree Hotels and Resorts Pte. Ltd.

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

- (11) The Company provides project management services (2008: also provided architectural services) that are undertaken during the period. The contracted fee for project management is set at a rate of 5% of the actual or budgeted costs of the project (2008: include the contracted fee for architectural services which was based on actual staff cost plus 10% margin).
- (12) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (13) These transactions relate to:
- (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies are priced at a 15% and 45% discount to the retail price for low volume purchases and high volume purchases respectively.
  - (ii) Sale of guest and spa supplies of high volume purchases from Banyan Tree Gallery (Singapore) Pte Ltd. and Banyan Tree Gallery (Thailand) Limited to related companies is priced at cost plus 10% to 20% margin.

- (14) 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 Cheer Golden Limited. However, due to the commencement of Laguna Holiday Club's Bintan operations by PT. AVC Indonesia, the ownership of the units was transferred to PT. AVC Indonesia. The prices are based on market price which was the same as the original purchase price.
- (15) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed with no handling costs applied.
- (16) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated below.
- (i) Rental and service fee is on the basis of 5% to 10% 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

BGL : Bangtao Grande Limited

BTRS(T) : Banyan Tree Resorts & Spas (Thailand) Company Limited

LBTL : Laguna Banyan Tree Limited

- (ii) Rental and service fee for Banyan Tree Gallery (Singapore)'s office is at the rate of SGD 3.21 per square feet per month.
- (iii) Rental of space and service in Canal Village. The rates charged for rental and service at Baht 1,002 (2008: Baht 954) per square metre per month plus actual charge for utility supply.
- (iv) Rental or rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and II with monthly rent varying from Baht 300 to Baht 550 per square metre which is dependent on criteria such as the location, term of lease, and size of area leased. For storage space, rental was charged at Baht 100 per square metre per month.

- (v) Rental of land and lagoon on which hotel and hotel - related operations are located are at Baht 103,318 (2008: Baht 98,398) and Baht 10,332 (2008: Baht 9,840) per rai per annum respectively increasing by 5% per annum.
  - (vi) The air conditioning rental fee related to the use of Laguna Service Company Limited's marquee which is on the basis of Baht 7,600 per bay and Baht 2,000 per hour.
  - (vii) Rental and service income for Angsana shop in hotel is on the basis of Baht 1,650 (January 2008 - August 2008: Baht 1,300) per square metre per month.
  - (viii) Rental of land on which Spa premises are located is on the basis of Baht 0.6 million per annum.
  - (ix) Rental and service income for space in Banyan Tree Phuket for which Banyan Tree Spa office and store is at Baht 1,002 per square metre per month increasing by 5% per annum.
  - (x) Service income from rental of Banyan Tree Management Academy is at Baht 125,000 per month.
- (17) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.
- (18) Resort service charged to the hotel operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:
- 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 : based on actual cost

- Staff buses : at the price based on cost plus a certain margin
- Marketing fee : at the rate of 1% of the hotel operations' budgeted revenue
- Community service : based on actual cost
- Training charge<sup>(#)</sup> : based on actual cost

# starting in 2009, these services are being rendered by BTRS(T)

(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) This relates to the purchase of spa vouchers by Laguna Holiday Club Limited from Banyan Tree Resorts & Spas (Thailand) Company Limited which is priced at a 40% discount to the Spa price list.

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

(22) The Company charges a management fee to Banyan Tree Resorts and Spas (Thailand) Company Limited for providing administration services of information technology, human resources and maid. The monthly fee is Baht 65,000 and an additional Baht 300 per person for internet services.

(23) This relates to architectural and interior design services by Banyan Tree Hotels & Resorts Pte. Ltd. The fees are based on construction cost at the following progressive rates.

The first Baht 10 million	:	6.50%
The next Baht 10 - 30 million	:	5.50%
The next Baht 30 - 50 million	:	4.75%
The next Baht 50 - 100 million	:	4.50%
The next Baht 100 - 200 million	:	4.25%
The next Baht 200 - 500 million	:	3.75%
Above Baht 500 million	:	3.40%

The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

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>31 December 2009</u>	<u>31 December 2008</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>31 December 2009</u>	<u>31 December 2008</u>
Long-term loan facilities	600.0	895.0
Short-term loan facilities	170.0	170.0
Overdrafts and bank guarantee facilities	10.0	10.0

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

#### Amounts due from related parties

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Subsidiaries</b>				
Bangtao Grande Limited	-	-	894,153	1,637,054
Laguna Banyan Tree Limited	-	-	4,539,401	11,790,091
Laguna Beach Club Limited	-	-	5,239,041	10,152,673
Laguna Grande Limited	-	-	11,195,084	17,048,991
Laguna Service Company Limited	-	-	675,832	875,691
Laguna Holiday Club Limited	-	-	28,675,417	1,925,608
Laguna Lakes Limited	-	-	33,129,527	14,000,784
Thai Wah Plaza Limited	-	-	46,094	22,743,115
TWR-Holdings Limited	-	-	3,762,377	2,543,397
Others	-	-	342,847	287,225
	-	-	<u>88,499,773</u>	<u>83,004,629</u>



(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Associate</b>				
Lijiang Banyan Tree Hotel Co. Ltd.	22,697,986	44,395,401	-	230,372
<b>Related companies</b>				
Banyan Tree Properties Pte. Ltd.	8,614,943	-	-	-
Banyan Tree Resorts & Spas (Thailand) Company Limited	7,774,377	12,605,072	-	8,312,197
Banyan Tree Hotels & Resorts Pte. Ltd.	10,131,887	24,273,456	3,301,448	17,495,218
Banyan Tree Holdings Limited	1,169,340	9,682,248	732,130	-
Banyan Tree Indochina (GP) Co., Ltd.	-	629,614	-	629,614
Banyan Tree (Private) Limited	3,715,450	3,743,993	-	-
Banyan Tree Spas (HK) Limited	968,596	19,245,239	-	-
Banyan Tree Resorts & Spas (Morocco) S.A.	624,815	223,938	223,938	223,938
Banyan Tree Spas Pte. Ltd.	6,560,830	29,527,777	-	-
Banyan Tree Resorts (Seychelles) Limited	9,895,308	16,375,080	16,278	16,076
Banyan Tree Resorts Limited	62,888	972,632	-	972,632
Heritage Spas Dubai LLC	575,917	1,455,771	32,574	55,924
Jiwa Renga Resorts Limited	4,261,574	4,300,004	-	20,600
LVCL (Thailand) Co., Ltd.	2,693,741	5,849,267	922,541	266,624
Maldives Bay Pvt. Ltd.	2,076,210	1,117,069	-	130,308
Maldives Angsana Pvt. Ltd.	607,254	117,452	-	-
PT Bintan Hotels	7,446,386	13,597,362	18,005	34,322
Reef Services Pty. Ltd.	-	3,341,984	-	-
Others	3,515,754	2,181,814	3,498	1,194
	<u>70,695,270</u>	<u>149,239,772</u>	<u>5,250,412</u>	<u>28,158,647</u>
<b>Total</b>	<u>93,393,256</u>	<u>193,635,173</u>	<u>93,750,185</u>	<u>111,393,648</u>

### Long-term loans to subsidiaries

During 2009, movements of long-term loans to subsidiaries were as follows:

(Unit: Baht)

	Separate financial statements			
	31 December 2008	Addition	Repayment	31 December 2009
Laguna (3) Limited	500,000	3,220,000	(500,000)	3,220,000
Laguna Banyan Tree Limited	675,000,000	744,150,000	(577,800,000)	841,350,000
Laguna Holiday Club Limited	134,710,000	94,000,000	(105,160,000)	123,550,000
Laguna Lakes Limited	416,700,629	-	-	416,700,629
TWR-Holdings Limited	472,160,000	1,141,300,000	(589,790,000)	1,023,670,000
<b>Total</b>	<u>1,699,070,629</u>	<u>1,982,670,000</u>	<u>(1,273,250,000)</u>	<u>2,408,490,629</u>

## Long-term loan to associate

During 2009, movements of long-term loan to associate were as follows:

(Unit: Baht)

	Consolidated financial statements		
	31 December		31 December
	2008	Repayment	2009
Lijiang Banyan Tree Hotel Company Limited	308,965,052	(308,965,052)	-

## Long-term loans to employees

(Unit: Baht)

Employees of the companies	Consolidated financial statements		
	31 December		31 December
	2008	Repayment	2009
Laguna Resorts & Hotels Public Company Limited	14,932,640	(3,250,525)	11,682,115
Laguna Banyan Tree Limited	4,512,933	(689,974)	3,822,959
Laguna Grande Limited	8,613,364	(4,397,140)	4,216,224
Laguna Holiday Club Limited	4,114,753	(943,531)	3,171,222
Laguna Service Company Limited	2,792,218	(572,507)	2,219,711
	34,965,908	(9,853,677)	25,112,231

(Unit: Baht)

Employees of the company	Separate financial statements		
	31 December		31 December
	2008	Repayment	2009
Laguna Resorts & Hotels Public Company Limited	14,932,640	(3,250,525)	11,682,115

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 commencing from the date on which the loan is drawn down.

## Amounts due to related parties

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Subsidiaries</b>				
Laguna Service Company Limited	-	-	4,430,437	3,920,912
Laguna Grande Limited	-	-	3,295,094	3,713,854
Bangtao Grande Limited	-	-	898,088	784,522
Laguna Banyan Tree Limited	-	-	1,058,715	450,298
Thai Wah Plaza Limited	-	-	1,317,955	1,668,819
Laguna Excursions Limited	-	-	1,747,158	2,339,448
Laguna Beach Club Limited	-	-	706,073	507,418
Others	-	-	437,441	100,889
	-	-	13,890,961	13,486,160
<b>Associate</b>				
Lijiang Banyan Tree Hotel Company Limited	3,810,546	-	-	-
<b>Related companies</b>				
Banyan Tree Resorts & Spa (Thailand) Company Limited	74,565,522	5,501,440	2,074,961	-
Banyan Tree Spas Pte. Ltd.	2,377,533	1,478,790	2,191,999	1,347,164
Banyan Tree Hotels & Resorts Pte. Ltd.	20,174,962	44,496,907	30,383	32,163
Banyan Tree Holdings Limited	1,228	6,691,880	-	6,691,881
Banyan Tree Hotels & Management (Beijing) Company Limited	-	1,351,656	-	-
Others	999,706	1,461,158	45,115	-
	98,118,951	60,981,831	4,342,458	8,071,208
<b>Total</b>	<b>101,929,497</b>	<b>60,981,831</b>	<b>18,233,419</b>	<b>21,557,368</b>

## Long-term loans from subsidiaries

During 2009, movements of long-term loans from subsidiaries were as follows:

(Unit: Baht)

	Separate financial statements			
	31 December 2008	Addition	Repayment	31 December 2009
Laguna Grande Limited	813,640,000	700,200,000	(632,700,000)	881,140,000
Laguna (3) Limited	-	1,980,000	(1,980,000)	-
Total	813,640,000	702,180,000	(634,680,000)	881,140,000

## Directors and management's benefits

In 2009 the Company and its subsidiaries paid directors and management's remuneration totaling Baht 121.2 million (2008: Baht 148.0 million) (Separate financial statements: Baht 83.1 million, 2008: Baht 98.1 million).

The total remuneration in 2009 amounting to Baht 121.2 million is comprised of remuneration paid by the Company to the directors including benefits in the form of spa and gallery vouchers amounting to Baht 9.2 million and remuneration paid by the Company and its subsidiaries to the management comprising salaries, bonus and other benefits amounting to Baht 112.0 million.

## Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 29 b) to the financial statements.

## 8. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance for diminution in value of inventories		Inventories-net	
			Stock obsolescence			
	2009	2008	2009	2008	2009	2008
Food and beverage	33,783,271	32,256,980	-	-	33,783,271	32,256,980
Finished goods and supplies	118,440,798	144,538,986	(4,591,281)	(5,255,878)	113,849,517	139,283,108
Total	152,224,069	176,795,966	(4,591,281)	(5,255,878)	147,632,788	171,540,088

(Unit: Baht)

	Separate financial statements					
	Cost		Allowance for diminution in value of inventories		Inventories-net	
			Stock obsolescence			
	2009	2008	2009	2008	2009	2008
Food and beverage	5,810,364	4,426,907	-	-	5,810,364	4,426,907
Finished goods and supplies	8,501,570	12,330,608	-	-	8,501,570	12,330,608
<b>Total</b>	<b>14,311,934</b>	<b>16,757,515</b>	<b>-</b>	<b>-</b>	<b>14,311,934</b>	<b>16,757,515</b>

**9. Property development cost**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Property for sale under holiday club memberships	464,973,037	496,308,422	-	-
Completed buildings	635,170,853	181,246,355	124,926,729	131,188,160
Land	3,017,648	4,732,064	2,504,529	2,305,664
Leasehold land	9,000,000	-	-	-
Property under construction	519,360,007	453,763,547	6,416,525	-
	<u>1,631,521,545</u>	<u>1,136,050,388</u>	<u>133,847,783</u>	<u>133,493,824</u>
Less: Allowance for diminution in market value of property under construction	(91,417,649)	(91,417,649)	-	-
<b>Property development cost - net</b>	<b><u>1,540,103,896</u></b>	<b><u>1,044,632,739</u></b>	<b><u>133,847,783</u></b>	<b><u>133,493,824</u></b>

A subsidiary has mortgaged property for sale under holiday club memberships amounting to Baht 167 million as collateral against its credit facilities, received from financial institutions.

**10. Other current assets**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Value added tax	39,533,618	35,888,248	5,560,749	7,126,046
Prepaid expenses and withholding tax	52,412,618	42,202,380	7,497,843	9,348,686
Advance to suppliers and staff	51,364,500	123,202,912	2,929,172	18,666,506
Forward exchange contract	25,698,923	57,942,854	21,631,814	57,942,854
Insurance claim receivable	510,837	109,327,258	-	47,202,545
Income tax and VAT refundable	19,915,469	25,317,269	5,377,546	5,437,537
Accrued other income	4,279,617	13,439,088	1,673,958	13,210,604
Interest receivable	1,650,041	4,213,290	600,529	358,935
Others	14,939,714	13,477,713	4,658,780	-
<b>Total</b>	<b><u>210,305,337</u></b>	<b><u>425,011,012</u></b>	<b><u>49,930,391</u></b>	<b><u>159,293,713</u></b>

## 11. Long-term trade accounts receivable

Long-term trade accounts receivable consists of:

11.1 Secured financing provided to customers of property sales which are denominated in US 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.

11.2 Installments receivable from property sales which bear interest at a rate of 9% and 12% per annum and installments are repaid over a period of 3 to 15 years.

11.3 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.

Long-term trade accounts receivable are due as follows:

(Unit: Baht)

	Consolidated financial statements					
	2009			2008		
	Loan receivable	Installment receivable	Total	Loan receivable	Installment receivable	Total
Current portion of long-term trade accounts receivable	3,972,918	267,790,712	271,763,630	4,192,199	319,259,108	323,451,307
Long-term trade accounts receivable	1,609,801	775,642,509	777,252,310	4,522,147	839,116,682	843,638,829
<b>Total</b>	<b>5,582,719</b>	<b>1,043,433,221</b>	<b>1,049,015,940</b>	<b>8,714,346</b>	<b>1,158,375,790</b>	<b>1,167,090,136</b>
Less: Allowance for doubtful accounts	-	(10,206,557)	(10,206,557)	-	-	-
<b>Net</b>	<b>5,582,719</b>	<b>1,033,226,664</b>	<b>1,038,809,383</b>	<b>8,714,346</b>	<b>1,158,375,790</b>	<b>1,167,090,136</b>
Sales of property						
Within one year (Note 6)	3,972,918	118,903,168	122,876,086	4,192,199	146,151,832	150,344,031
Between 2 - 5 years	1,609,801	475,860,176	477,469,977	4,522,147	604,216,844	608,738,991
Over 5 years	-	206,436,833	206,436,833	-	119,839,569	119,839,569
Long-term trade accounts receivable - sales of property (Note 6)	5,582,719	801,200,177	806,782,896	8,714,346	870,208,245	878,922,591
Sales of holiday club memberships						
Within one year (Note 6)	-	148,887,544	148,887,544	-	173,107,276	173,107,276
Between 2 - 5 years	-	93,345,500	93,345,500	-	115,060,269	115,060,269
Long-term trade accounts receivable - sales of holiday club memberships	-	242,233,044	242,233,044	-	288,167,545	288,167,545
<b>Total</b>	<b>5,582,719</b>	<b>1,043,433,221</b>	<b>1,049,015,940</b>	<b>8,714,346</b>	<b>1,158,375,790</b>	<b>1,167,090,136</b>
Less: Allowance for doubtful accounts (Note 6)	-	(10,206,557)	(10,206,557)	-	-	-
<b>Net</b>	<b>5,582,719</b>	<b>1,033,226,664</b>	<b>1,038,809,383</b>	<b>8,714,346</b>	<b>1,158,375,790</b>	<b>1,167,090,136</b>

(Unit: Baht)

	Separate financial statements					
	2009			2008		
	Loan receivable	Installment receivable	Total	Loan receivable	Installment receivable	Total
Current portion of long-term trade accounts receivable (Note 6)	-	24,349,324	24,349,324	-	54,409,980	54,409,980
Long-term trade accounts receivable	-	438,197,570	438,197,570	-	511,199,415	511,199,415
<b>Total</b>	<b>-</b>	<b>462,546,894</b>	<b>462,546,894</b>	<b>-</b>	<b>565,609,395</b>	<b>565,609,395</b>
Sales of property						
Within one year (Note 6)	-	24,349,324	24,349,324	-	54,409,980	54,409,980
Between 2 - 5 years	-	332,683,744	332,683,744	-	393,208,463	393,208,463
Over 5 years	-	105,513,826	105,513,826	-	117,990,952	117,990,952
Long-term trade accounts receivable - - sales of property (Note 6)	-	462,546,894	462,546,894	-	565,609,395	565,609,395

## 12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2009	2008	2009	2008	2009	2008	2009	2008
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
<b>Subsidiaries held by the Company</b>								
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43 Million	SGD 0.43 Million	51	51	4.0	4.0	-	-
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51	51	4.0	4.0	-	-
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	3.3	5.0
Laguna Holiday Club Limited	330.0	330.0	100	100	330.0	330.0	-	-
Laguna Grande Limited	1,000.0	1,000.0	100	100	914.4	914.4	208.8	261.0
Laguna Lakes Limited	1.0	1.0	95	95	0.9	0.9	-	-
Laguna Service Company Limited <sup>(3)</sup>	90.5	90.5	89.2	89.2	22.4	22.4	-	-
Laguna (3) Limited	0.1	0.1	100	100	46.4	46.4	5.0	2.0
TWR - Holdings Limited	1,250.0	1,250.0	100	100	1,250.0	1,250.0	412.5	-
<b>Subsidiaries held through TWR - Holdings Limited</b>								
Laguna Excursions Limited	8.0	8.0	49	49	-	-	-	-
Laguna Village Limited	1.0	-	100	-	-	-	-	-
Mae Chan Property Company Limited	232.3	232.3	100	100	-	-	-	-
Pai Samart Development Company Limited	28.4	28.4	100	100	-	-	-	-
Phuket Resort Development Limited	41.4	41.4	100	100	-	-	-	-
PT AVC Indonesia	USD 0.7 Million	USD 0.7 Million	100	100	-	-	-	-
Talang Development Company Limited	251.0	251.0	50	50	-	-	-	-
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	-	-	-	-
Twin Waters Development Company Limited	214.4	214.4	100	100	-	-	-	-

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2009	2008	2009	2008	2009	2008	2009	2008
	Million	Million	%	%	Million	Million	Million	Million
	Baht	Baht			Baht	Baht	Baht	Baht
<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	-	-	-	-
Bangtao Grande Limited	1,546.0	1,546.0	100	100	-	-	-	-
Laguna Central Limited	1.0	1.0	85	85	-	-	-	-
<b><u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte Limited</u></b>								
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75 Thousands	USD 75 Thousands	51	51	-	-	-	-
<b><u>Subsidiary held through Laguna Beach Club Limited</u></b>								
Laguna (1) Limited	15.0	15.0	60	60	-	-	-	-
<b><u>Subsidiary held through Laguna Holiday Club Limited</u></b>								
Cheer Golden Limited	-	-	100	100	-	-	-	-
<b>Total investments in subsidiaries</b>					<b>3,492.2</b>	<b>3,492.2</b>	<b>629.6</b>	<b>268.0</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 income 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 31 December 2009 and 2008, 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.

Significant transactions regarding the investments in subsidiary companies during 2009 and 2008 are as follows:

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



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

(c) Goodwill

(Unit: Baht)

	Consolidated financial statements	
	2009	2008
Goodwill from purchase of shares in subsidiaries:		
Thai Wah Plaza Limited	30,375,872	30,375,872
Laguna Beach Club Limited	4,187,720	4,187,720
Laguna Banyan Tree Limited	350,928,166	350,928,166
Total	<u>385,491,758</u>	<u>385,491,758</u>

(d) On 18 October 2008, Banyan Tree Gallery (Singapore) Pte Limited (a subsidiary) invested in the ordinary shares of Lijiang Banyan Tree Gallery Trading Co., Ltd., which was newly established and engaged in gallery trading, amounting to USD 75,000 representing a 100% interest in registered and paid-up shares.

(e) On 24 March 2009, TWR - Holdings Limited (a subsidiary, TWRH) invested in the ordinary shares of Laguna Village Limited, which is newly established and engaged in hotel operations, with a registered share capital of Baht 1 million. The subsidiary holds 9,997 ordinary shares of the company with a par value of Baht 100 per share, representing 99.97% shareholding. As at 31 December 2009, TWRH has fully paid up the share capital.

(f) On 1 September 2009, TWR - Holdings Limited (a subsidiary, TWRH) purchased 4,549,993 ordinary shares of Thai Wah Tower Company Limited (TWT) from Thai Wah Plaza Limited (a subsidiary of TWRH, TWPL) at the net book value of Baht 871.59 million. The shareholding proportion of TWRH in TWT accounts is 100% of TWT's issued and paid-up ordinary shares. The status of TWT has therefore changed from a subsidiary of TWPL to a subsidiary of TWRH. However, such transaction does not affect the shareholding proportion in the consolidated financial statements.

### 13. Investments in associates

#### 13.1 Details of associates:

(Unit: Baht)

Company' name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			2009	2008	2009	2008	2009	2008
			(%)	(%)				
Ownrep Project Services Pte. Ltd.	Ceased operation	Singapore	50	50	18,109,295	18,109,295	-	-
Lijiang Banyan Tree Hotel Co. Ltd.	Hotel operations and property development	The People's Republic of China	49	49				
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	348,413,839	348,413,839	395,392,960	419,802,119
Less: Allowance for impairment of investment					17,672,761	17,672,761		
					(17,672,761)	(17,672,761)		
					-	-	-	-
					<u>366,523,134</u>	<u>366,523,134</u>	<u>395,392,960</u>	<u>419,802,119</u>

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 the People's Republic of 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.

On 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 41.4 million, or equivalent to 6.1% of the registered and paid-up ordinary shares of that company. As a result, shareholding in TRL increased from 19.8% to 25.9% of the registered and paid-up ordinary share capital and its status is changed to an associate.

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

### 13.2 Share of income (loss)

During the year, the subsidiaries has recognised their share of income (loss) from investments in associates in the consolidated financial statements as follows:

(Unit: Baht)

Company's name	Consolidated financial statements	
	Share of income (loss) from investments in associates during the year	
	2009	2008
Lijiang Banyan Tree Hotel Co. Ltd.	(3,893,511)	120,371,639
Tropical Resorts Ltd.	-	(813,615)

### 13.3 Summarised financial information of associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for		Net income	
	31 December		31 December		31 December		the years ended		31 December	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Ownrep Project Services Pte. Ltd.	SGD 2 million	SGD 2 million	-	-	11.3	11.5	-	-	(0.1)	(0.1)
Lijiang Banyan Tree Hotel Co. Ltd.	USD 18.4 million	USD 18.4 million	2,328.5	2,372.7	1,496.8	1,491.5	385.1	825.6	4.8	249.3
Tropical Resorts Ltd.	USD 21.0 million	USD 21.0 million	1,338.2	1,507.5	1,661.8	1,747.0	513.7	667.6	(89.3)	(53.8)

The value of investments in associates, accounted for under the equity method was calculated based on unaudited financial statements of the companies for the year ended 31 December 2009 prepared by their management.

13.4 The Company recognised its share of losses from the investments in Ownrep Project Services Pte. Ltd. and Tropical Resorts Ltd. until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of the associates.

## 14. Other long-term investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Investment in available-for-sale security</b>				
Universal Starch Public Company Limited	50,829,795	50,829,795	23,850,000	23,850,000
Less: Allowance for impairment of investment	(50,829,795)	(50,829,795)	(23,850,000)	(23,850,000)
Total investment in available-for-sale security - net	-	-	-	-
<b>Investments in other companies</b>				
Bibace Investments Ltd	188,424,686	188,424,686	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	43,798,285	-	-	-
Total investments in other companies	232,222,971	188,424,686	-	-
<b>Total other long-term investments - net</b>	<b>232,222,971</b>	<b>188,424,686</b>	<b>-</b>	<b>-</b>

On 31 December 2008, TWR - Holdings Limited (TWRH) entered into the Limited Partnership Agreement in respect of Banyan Tree Indochina Hospitality Fund, L.P. ("the Fund"), an exempted limited partnership formed under the laws of the Cayman Islands. The Fund is managed by Banyan Tree Indochina (GP) Company Limited and focuses mainly on hotel and resort investments in Vietnam, Cambodia and Laos. Based on the fund size of USD 283 million at the closing date on 30 June 2009, the capital commitment of TWRH of USD 16 million would be approximately 5.65% of the fund. The injection of funds is expected to be over a period of 4 years. As at 31 December 2009, TWRH has made capital contributions of USD 1.3 million to the Fund.

## 15. Property, plant and equipment

### Consolidated financial statements

#### Assets carried at cost

	(Unit: Baht)											
	Land and land improvement	Building	Furniture, fixtures and equipment	Operating and office equipment	Total hotel assets	Building and staff dormitory	Golf course	External work	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
<b>At cost</b>												
As at 31 December 2008	2,095,786,347	4,724,032,292	3,800,772,269	309,895,609	10,930,486,517	596,494,340	284,069,059	23,374,431	464,816,064	192,508,476	272,290,171	12,763,978,058
Additions	-	2,508,235	28,262,080	23,122,538	53,892,853	4,139,487	-	39,000	8,284,108	416,775	288,127,282	354,899,485
Disposals and write off	(409,000)	(9,206,836)	(4,286,828)	(3,485,852)	(17,388,516)	(2,542,440)	-	-	(8,803,510)	(170,000)	(490,599)	(29,395,065)
Transfers in/out	-	245,951,522	218,009,988	2,555,997	466,317,517	-	-	928,483	8,006,845	-	(475,252,845)	-
Transfers to property development cost	-	(18,307,826)	(3,941,886)	-	(22,249,712)	-	-	-	-	-	-	(22,249,712)
Adjustments	259,178	(2,328,143)	(1,022,510)	(477,173)	(3,566,648)	(1,107,453)	-	(1,500,000)	(1,551,359)	(535,935)	(232,922)	(8,297,317)
As at 31 December 2009	2,095,636,525	4,942,648,244	4,037,793,123	331,411,119	11,407,489,011	596,923,914	284,069,059	22,841,914	470,752,148	192,419,316	84,441,087	13,058,936,449
<b>Accumulated depreciation</b>												
As at 31 December 2008	(23,713,330)	(1,117,470,279)	(2,878,909,061)	(197,822,180)	(4,217,714,850)	(192,363,004)	(283,490,257)	(9,552,923)	(318,119,046)	(105,304,736)	-	(5,126,544,816)
Depreciation charged for the year	(114,304)	(109,610,112)	(225,134,579)	(32,486,633)	(367,346,628)	(13,157,688)	(200,959)	(937,379)	(39,086,925)	(23,708,488)	-	(444,440,067)
Disposals and write-off	-	113,083	3,946,348	2,770,995	6,830,326	2,387,723	-	-	3,675,893	169,999	-	13,063,941
Transfers to property development cost	-	978,417	2,102,339	-	3,078,756	-	-	-	-	-	-	3,078,756
Adjustments	-	-	672,080	1,166,993	1,841,073	(37,523)	-	-	1,798,105	427,698	-	3,969,353
As at 31 December 2009	(23,827,634)	(1,225,960,891)	(3,097,322,873)	(226,171,925)	(4,573,313,323)	(203,170,492)	(283,691,216)	(10,490,302)	(351,791,973)	(128,415,527)	-	(5,550,872,833)
<b>Allowance for impairment loss</b>												
As at 31 December 2008	-	-	-	-	-	(4,953,144)	-	(5,193,363)	(102,069)	-	-	(10,248,606)
As at 31 December 2009	-	-	-	-	-	(4,953,144)	-	(5,193,363)	(102,069)	-	-	(10,248,606)
<b>Net book value - At cost</b>												
As at 31 December 2008	2,072,073,017	3,606,562,013	921,863,208	112,273,429	6,712,771,667	399,118,192	578,802	8,628,145	148,594,919	87,203,740	272,290,171	7,627,185,636
As at 31 December 2009	2,071,808,891	3,716,657,353	940,470,250	105,239,194	6,894,175,688	369,800,278	377,843	7,159,249	118,888,076	64,003,789	84,441,087	7,497,815,010

## Consolidated financial statements (continued)

### Assets carried at revalued amount

(Unit: Baht)

	Land and land improvement	Building	Furniture, fixtures and equipment	Operating and office equipment	Total hotel assets	Building and staff dormitory	Self course	External work	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
<b>Revaluation portion</b>												
As at 31 December 2008	7,084,809,070	3,018,136,535	-	-	10,102,945,605	699,620,722	-	(1,160,412)	44,960,228	-	-	10,846,366,143
Reversal of revaluation surplus for land transferred to property development cost	(10,115,459)	-	-	-	(10,115,459)	-	-	-	-	-	-	(10,115,459)
Reversal of revaluation surplus on assets	(2,397,641,944)	(2,397,641,944)	-	-	(2,397,641,944)	(77,301,301)	-	-	-	-	-	(2,474,943,245)
As at 31 December 2009	7,074,693,611	620,494,591	-	-	7,695,188,202	622,319,421	-	(1,160,412)	44,960,228	-	-	8,351,307,439
<b>Accumulated depreciation</b>												
As at 31 December 2008	-	(92,838,598)	(7,215,390)	-	(99,853,988)	(20,470,381)	-	116,041	(4,995,581)	-	-	(125,203,909)
Depreciation charged for the year:												
- Revaluation	-	(54,904,032)	-	-	(54,904,032)	(19,793,485)	-	-	(4,995,581)	-	-	(79,693,098)
- Devaluation	-	-	-	-	-	121,567	-	-	-	-	-	121,567
Reversal of revaluation surplus on assets	-	(109,801,687)	7,215,390	-	(102,386,297)	21,039,614	-	-	(7,215,390)	-	-	(88,562,073)
As at 31 December 2009	-	(257,144,317)	-	-	(257,144,317)	(19,102,685)	-	116,041	(17,206,552)	-	-	(293,337,513)
<b>Allowance for impairment loss</b>												
As at 31 December 2008	-	-	-	-	-	970,644	-	1,044,371	-	-	-	2,015,015
As at 31 December 2009	-	-	-	-	-	970,644	-	1,044,371	-	-	-	2,015,015
<b>Net book value - revaluation portion</b>												
As at 31 December 2008	7,084,809,070	2,925,497,937	(7,215,390)	-	10,003,091,817	680,120,985	-	-	39,964,647	-	-	10,723,177,249
As at 31 December 2009	7,074,693,611	363,350,274	-	-	7,438,043,885	604,187,380	-	-	27,753,676	-	-	8,089,984,941
<b>Property, plant and equipment - net</b>												
As at 31 December 2008	9,156,882,087	6,532,059,950	914,647,818	112,273,429	16,715,863,284	1,079,239,177	578,802	9,628,145	186,559,566	87,203,740	272,290,171	19,350,362,885
As at 31 December 2009	9,146,502,502	4,080,007,627	940,470,250	105,239,194	14,272,219,573	992,987,658	377,843	7,159,249	146,611,752	64,003,789	84,441,087	15,567,799,951
<b>Depreciation charges in income statements</b>												
2008												417,769,554
2009												444,318,500

## Separate financial statements

### Asset carried at cost

	Land and land improvement	Building	Furniture, fixtures and equipment	Operating and office equipment	Total hotel assets	Building and staff dormitory	Furniture, fixtures and office equipment	Motor vehicles	Construction in process	Total
<b>At cost</b>										
As at 31 December 2008	67,781,226	180,321,012	404,865,480	110,542,136	763,509,854	114,395,883	63,593,723	14,218,059	49,353,376	1,005,070,895
Additions	-	1,400,000	1,912,331	2,137,400	5,449,731	213,909	2,045,948	-	73,711,570	81,421,158
Transfers in/out	-	70,043,069	47,989,759	-	118,032,828	-	-	-	(118,032,828)	-
Disposals and write off	-	-	(1,745,667)	(2,390,122)	(4,135,789)	(2,568,166)	(1,306,326)	-	(490,599)	(8,500,880)
As at 31 December 2009	67,781,226	251,764,081	453,021,903	110,289,414	862,856,624	112,041,626	64,333,345	14,218,059	4,541,519	1,077,991,173
<b>Accumulated depreciation</b>										
As at 31 December 2008	(23,658,888)	(89,444,618)	(297,152,855)	(81,632,424)	(491,888,785)	(42,466,816)	(38,717,156)	(9,144,467)	-	(582,217,224)
Depreciation charged for the year	-	(5,298,846)	(36,892,686)	(9,926,525)	(52,118,057)	(4,731,158)	(6,429,390)	(1,572,478)	-	(64,851,083)
Disposals and write off	-	-	1,740,824	2,387,989	4,128,813	2,342,683	1,205,953	-	-	7,677,449
As at 31 December 2009	(23,658,888)	(94,743,464)	(332,304,717)	(89,170,960)	(539,878,029)	(44,855,291)	(43,940,593)	(10,716,945)	-	(639,390,858)
<b>Net book value - At cost</b>										
As at 31 December 2008	44,122,338	90,876,394	107,712,625	28,909,712	271,621,069	71,929,067	24,876,567	5,073,592	49,353,376	422,853,671
As at 31 December 2009	44,122,338	157,020,617	120,717,186	21,118,454	342,978,595	67,186,335	20,392,752	3,501,114	4,541,519	438,600,315

(Unit: Baht)

**Separate financial statements (continued)**

**Assets carried at revalued amount**

(Unit: Baht)

	Land and land improvement	Building	Furniture, fixtures and equipment	Operating and office equipment	Total hotel assets	Building and staff dormitory	Furniture, fixtures and office equipment	Motor vehicles	Construction in process	Total
<b>Revaluation portion</b>										
As at 31 December 2008	633,413,256	959,128,967	-	-	1,592,542,223	(4,579,115)	-	-	-	1,587,963,108
Reversal of revaluation surplus on assets	-	(676,636,081)	-	-	(676,636,081)	-	-	-	-	(676,636,081)
As at 31 December 2009	633,413,256	282,492,886	-	-	915,906,142	(4,579,115)	-	-	-	911,327,027
<b>Accumulated depreciation</b>										
As at 31 December 2008	-	(29,972,780)	-	-	(29,972,780)	121,567	-	-	-	(29,851,213)
Depreciation charged for the year:										
- Revaluation	-	(17,518,293)	-	-	(17,518,293)	-	-	-	-	(17,518,293)
- Devaluation	-	-	-	-	-	121,567	-	-	-	121,567
Reversal of revaluation surplus on assets	-	(92,154,341)	-	-	(92,154,341)	-	-	-	-	(92,154,341)
As at 31 December 2009	-	(139,645,414)	-	-	(139,645,414)	243,134	-	-	-	(139,402,280)
<b>Net book value - revaluation portion</b>										
As at 31 December 2008	633,413,256	929,156,187	-	-	1,562,569,443	(4,457,548)	-	-	-	1,558,111,895
As at 31 December 2009	633,413,256	142,847,472	-	-	776,260,728	(4,335,981)	-	-	-	771,924,747
<b>Property, plant and equipment - net</b>										
As at 31 December 2008	677,535,594	1,020,032,581	107,712,625	28,909,712	1,834,190,512	67,471,519	24,876,567	5,073,592	49,353,376	1,980,965,566
As at 31 December 2009	677,535,594	299,868,089	120,717,186	21,118,454	1,119,239,323	62,850,354	20,352,752	3,501,114	4,541,519	1,210,525,062
<b>Depreciation charges in income statements</b>										
2008	56,570,826									
2009	64,729,516									



## Property, plant and equipment

In June 2009, a new accounting guidance on asset valuation methods was issued. The guidance provided that if a business uses the income approach, it has to separate the appraised value of buildings from the value of assets that are not allowed for recognition by accounting standards. If a business cannot do so, it has to use the replacement cost less accumulated depreciation approach. In accordance with the new accounting guidance on asset valuation methods, the hotel building and units in office building were reappraised by an independent professional appraisal company in its report dated 24 December 2009 by using the "Depreciated Replacement Cost Approach" basis. Land and other revalued assets still used the appraisal report dated 27 November 2007 by using a "Fair Market Value" basis and the "Income Approach" basis, respectively.

In October 2006, the Federation of Accounting Professions issued Notification No. 25/2006 allowing entities which carry their property, plant and equipment at revalued amounts to calculate depreciation to be charged to the income statements based on the historical costs of the assets instead of on the revalued amounts. The Company has decided to follow the notification. However, had the depreciation charge been calculated based on the revalued amounts, net income and earnings per share would have been changed to the following:

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income attributable to equity				
holders of the parent (Baht)	60,986,400	989,614,923	630,338,929	617,361,019
Basic earning per share				
(Baht per share)	0.37	5.94	3.78	3.70

As at 31 December 2009, certain buildings and equipment of the Company and its subsidiaries have been fully depreciated but still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 2,101 million (2008: Baht 2,021 million). (Separate financial statements: Baht 345 million, 2008: Baht 312 million).

The Company and its subsidiaries have mortgaged land and hotel buildings at fair value of Baht 12,010 million (2008: Baht 14,588 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Baht 982 million, 2008: Baht 1,705 million).

#### **Land awaiting development**

Land awaiting development is plots of land in Phuket, Chiang Mai, Chiang Rai, and Mae Hong Sorn Province awaiting use in a future project. It is presented at cost, which consists of the cost of land and related expenses.

#### **16. Leasehold rights**

	(Unit: Baht)
	<u>Hotel units</u>
<b>Cost</b>	
As at 31 December 2008	48,555,751
Exchange rate adjustment 2009	(705,426)
As at 31 December 2009	<u>47,850,325</u>
<b>Accumulated amortisation</b>	
As at 31 December 2008	14,447,743
Amortisation of 2009	2,462,606
As at 31 December 2009	<u>16,910,349</u>
<b>Net book value</b>	
As at 31 December 2008	<u>34,108,008</u>
As at 31 December 2009	<u>30,939,976</u>

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

#### **17. 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 2.55% per annum (2008: 4.50% to 6.25% 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 15 and by the guarantee provided by subsidiaries.

## 18. Other current liabilities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Accrued expenses	403,861,989	395,114,477	95,700,369	82,730,479
Advance receipts from customers	231,482,255	347,451,370	27,247,660	22,997,741
Other accounts payable	112,806,640	126,446,519	23,101,919	33,494,970
Construction payable	106,574,027	228,057,694	3,874,133	47,533,653
Service charge payable to hotel staff	46,781,730	40,065,878	11,204,964	9,405,292
Value added tax payable	74,001,011	71,835,885	7,499,668	9,771,064
Forward contract	-	12,663,970	-	-
Accrued rental to villa owners	30,404,598	10,017,674	11,179,794	9,060,685
Unearned income	53,985,036	44,341,182	-	-
<b>Total</b>	<b>1,059,897,286</b>	<b>1,275,994,649</b>	<b>179,808,507</b>	<b>214,993,884</b>

## 19. Long - term loans from financial institutions

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Secured</b>	<b>2,784,200,408</b>	<b>2,989,347,743</b>	<b>553,000,000</b>	<b>399,000,000</b>
Long-term loans are repayable as follows:				
Within one year	827,766,000	890,415,000	168,000,000	266,000,000
Between one and two years	490,210,665	712,766,000	70,000,000	133,000,000
Between three and five years	697,223,743	979,416,743	210,000,000	-
Over five years	769,000,000	406,750,000	105,000,000	-
	1,956,434,408	2,098,932,743	385,000,000	133,000,000
<b>Total</b>	<b>2,784,200,408</b>	<b>2,989,347,743</b>	<b>553,000,000</b>	<b>399,000,000</b>

Long-term loans consist of the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<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: 2008 : MLR less 1% per annum and saving deposit rate plus 1.25% per annum 2009 onwards : MLR less 1% per annum	133,000,000	399,000,000	133,000,000	399,000,000
(2) Baht loan from a bank, with a facility of Baht 420 million repayable quarterly from July 2010 to April 2016, at an interest rate as follows: 2009 onwards : MLR less 1%, 1.5% and 1.75% per annum	420,000,000	-	420,000,000	-
<b><u>Subsidiaries</u></b>				
(3) 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: 2008 : 2% per annum and MLR less 1% per annum 2009 : MLR less 1% per annum	-	60,000,000	-	-
(4) 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	25,000,000	125,000,000	-	-
(5) 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	255,267,665	430,000,000	-	-
(6) 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	-	10,000,000	-	-
(7) 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	-	25,000,000	-	-
(8) 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	-	40,000,000	-	-
(9) 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: 2008 : MLR less 0.5% and 1% per annum and saving deposit rate plus 1.25% per annum 2009 onwards : MLR less 0.5% per annum	578,932,743	700,097,743	-	-
(10) 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	180,000,000	220,000,000	-	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
(11) 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:				
2008 : MLR less 1% and 1.5% per annum or 3 month fixed deposit rate plus 2.5% per annum, whichever is higher				
2009 onwards : MLR less 1% per annum or 3 month fixed deposit rate plus 2.5% per annum, whichever is higher				
	178,750,000	193,750,000	-	-
(12) 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:				
2008 : MLR less 0.5% and 1% per annum and saving deposit rate plus 1.25% per annum				
2009 onwards : MLR less 0.5% per annum				
	92,500,000	97,500,000	-	-
(13) 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				
	10,000,000	50,000,000	-	-
(14) 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:				
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				
	554,250,000	255,000,000	-	-
(15) 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				
	145,000,000	145,000,000	-	-
(16) 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				
	12,500,000	20,000,000	-	-
(17) 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				
	199,000,000	219,000,000	-	-
Total long-term loans from institutions	<u>2,784,200,408</u>	<u>2,989,347,743</u>	<u>553,000,000</u>	<u>399,000,000</u>

MLR: Minimum Lending Rate

The loans are secured by mortgage of plots of land, land awaiting development and all hotel buildings of the Company and subsidiaries, as described in Note 15. 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 12. The loans in (3), (6), and (10) above are guaranteed by subsidiaries. The loans in (4), (10) and (11) above are guaranteed by the Company.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2009, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,326 million (2008: Baht 1,346 million)

## 20. Capital reserve

The capital reserve relates to the accounting of assets in subsidiaries at their fair values as at the acquisition date and can not be used for dividend payments.

## 21. Revaluation surplus

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Balance - begin of the year	9,589,532,118	9,869,857,161	1,562,569,445	1,592,542,225
Less: Amortisation	(72,371,969)	(114,067,267)	(17,518,293)	(29,972,780)
Reversal of revaluation surplus on assets	(2,383,006,378)	-	(768,790,426)	-
Reversal of revaluation surplus for land transferred to property development cost and land awaiting development	(10,115,459)	(166,257,776)	-	-
Balance - end of year	<u>7,124,038,312</u>	<u>9,589,532,118</u>	<u>776,260,726</u>	<u>1,562,569,445</u>

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

## 22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2009, the Company has transferred the 2009 net income amounting to Baht 14.97 million to the statutory reserve.

## 23. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Salaries, wages and other employee benefits	1,168,597,824	1,447,793,549	250,611,529	298,339,775
Depreciation	444,318,500	417,769,554	64,729,516	56,570,826
Rental expenses	169,381,652	139,005,609	55,803,041	25,430,473
Repairs and maintenance	135,328,666	145,963,441	12,284,758	17,459,384
Water and electricity	193,077,984	176,283,250	26,237,081	23,861,502
Legal and professional fee	48,857,347	114,472,134	11,489,614	32,055,268
Management and incentive fee	119,423,006	164,392,593	19,716,742	20,027,420

## 24. Corporate income tax

Corporate income tax of the Company and its subsidiaries have been calculated at the rate of 25% for the Company and 30% for its subsidiaries on net income before income tax for the year after adding back certain provision and expenses which are not deductible for tax computation purposes.

The Company is not liable to corporate income tax for the year 2008 due to tax losses brought forward.

## 25. Basic earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

## 26. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Contributions are made to the fund by both employees and the Company and its subsidiaries and will be paid to employees upon termination in accordance with the rules of the Company and its subsidiaries' provident fund.

During the year the Company and its subsidiaries contributed to provident funds as follows:

	Fund Manager		(Unit: Million Baht)	
			Company's contribution in	
	Hotel staff	Office staff	2009	2008
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	6.3	6.8
Laguna Grande Limited	American International Assurance Company Limited	MFC Asset Management Plc.	1.3	1.1
Bangtao Grande Limited	Slam Commercial Bank Plc.	-	2.3	2.9
Laguna Beach Club Limited	Bangkok Bank Plc.	Bangkok Bank Plc.	2.0	2.1
Laguna Banyan Tree Limited	American International Assurance Company Limited	MFC Asset management Plc.	4.5	4.9
Banyan Tree Gallery (Singapore) Pte Ltd	-	Central Provident Fund Board	2.3	3.4
Banyan Tree Gallery (Thailand) Limited	-	MFC Asset Management Plc.	0.7	0.7
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.4	2.5
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	2.5	2.6
Thai Wah Plaza Limited	TISCO Assets Management Company Limited	MFC Asset Management Plc.	5.4	5.4

## 27. Dividends

Dividends declared in 2009 and 2008 consisted of:

	<u>Approved by</u>	<u>Total dividend</u> Million Baht	<u>Dividend per share</u> Baht
Dividend on 2007 retained earnings	Annual General Meeting of the shareholders on 24 April 2008	466.71	2.80
Dividend on 2008 retained earnings	Annual General Meeting of the shareholders on 24 April 2009	366.70	2.20



## 28. Commitments

### Capital commitment

As at 31 December 2009, the Company and its subsidiaries have capital commitments as follows:

- (a) The Company and its subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 20.9 million (2008: Baht 16.9 million).
- (b) Four subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 273.7 million (2008: Baht 729.3 million).
- (c) On 24 June 2008, a subsidiary entered into an Agreement to Purchase and Sale of Land, having a total land area of 237 rai 1 ngarn 39.6 square wah, with a third party. The subsidiary will periodically acquire the land in accordance with terms and conditions as set forth in the aforesaid Agreement. The subsidiary initially acquired the land, having a total area of 53 rai 2 ngarn 3.4 square wah. The subsidiary holds the right to acquire the remaining land, having a total area of 183 rai 3 ngarn 36.2 square wah, by 1 July 2018. On the date of registration of the ownership transfer of the land acquired, the subsidiary paid the first installment of the 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 within three years following 26 June 2008. The purchase price of the remaining land shall be increased at rate of 5% on every anniversary date following the date that the Agreement to Purchase and Sale of Land was executed.

### Operating agreements

As at 31 December 2009, the Company and its subsidiaries have operating agreements as follows:

- (a) The Company and its subsidiaries have 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
Banglao Grande Limited	Sheraton Grande Laguna Phuket	Sheraton Overseas Management Corporation	11.1.1989 - 31.12.2012	- Basic management fee : 2% of total revenue - Incentive fee : 7.5% of gross operating profit
Laguna Grande Limited	Laguna Phuket Golf Club	Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 31.12.2014 (a)	- Basic technical 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	1.1.2009 - 31.12.2015 (b)	- Royalty fee 2%: of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 31.12.2015 (b)	- Technical fee : 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels and Resorts Pte. Limited	1.1.2009 - 31.12.2021 (c)	- Royalty fee 3%: of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 31.12.2021 (c)	- Management fee: 10% of gross operating profit
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.5.2009- 31.12.2019 (d)	- Basic management fee : 2% of total revenue for the first fiscal year, 2.5% of total revenue for the second fiscal year and 3% of total revenue for the remaining fiscal years - Incentive fee : 7% of gross operating profit

- (a) Operator has option to extend for 1 additional period of 10 years.  
(b) Operator has option to extend for 1 additional period of 10 years.  
(c) Operator has option to extend for 1 additional period of 20 years.  
(d) Operator has option to extend for 2 additional periods of 10 years.

(b) As at 31 December 2009, the Company and its subsidiaries have commitments in respect of cash reward options for villa rental scheme amounting to Baht 578 million.

### Investment commitment

On 31 December 2008, TWR-Holding Limited (TWRH) entered into the Limited Partnership Agreement in respect of Banyan Tree Indochina Hospitality Fund, L.P. ("the Fund"), an exempted limited partnership formed under the laws of the Cayman Islands. The fund is managed by Banyan Tree Indochina (GP) Company Limited and focuses mainly on hotel and resort investments in Vietnam, Cambodia and Laos. Based on the fund size of USD 283 million at closing date on 30 June 2009, the capital commitment of the TWRH of USD 16 million would be approximately 5.65% of the fund. The injection of funds is expected to be over a period of 4 years. As at 31 December 2009, TWRH has made capital contribution of USD 1.3 million to the Fund.

## 29. Guarantees

- a) As at 31 December 2009, there were bank guarantees amounting to Baht 48.8 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 (2008: Baht 48.2 million, Separate financial statements: Baht 3.8 million).

- b) On 2 July 2009, the Company approved the provision of a guarantee for a loan obtained by Lijiang Banyan Tree Hotel Co., Ltd. (LBTH) by issuing the letter of indemnity to its parent company, Banyan Tree Holdings Limited. The provision of the guarantee was to secure the loan of LBTH in proportion to the equity interest of 49.04 percent of the Company in LBTH (through Laguna Banyan Tree Limited (LBTL)).

This loan enabled LBTH to have sufficient funds for the repayment of LBTH's shareholders' loans, accrued interest thereon and working capital for LBTH's business operations. The Company, as a shareholder of LBTH (through LBTL), has benefited from LBTH's repayment of shareholders' loans and accrued interest.

### 30. Segment information

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

(Unit: Million Baht)

For the year ended 31 December 2009								
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	2,904	183	213	3,300	59	1,016	-	4,375
Intersegment revenues	208	31	-	239	19	30	(288)	-
Total revenues	<u>3,112</u>	<u>214</u>	<u>213</u>	<u>3,539</u>	<u>78</u>	<u>1,046</u>	<u>(288)</u>	<u>4,375</u>
Segment profit	1,782	86	109	1,977	30	730	-	2,737
Interest and other income	71	(5)	-	66	-	41	-	107
Unallocated expenses:								(388)
Selling expenses								(1,448)
Administrative expenses								(121)
Management benefit expenses								(444)
Depreciation								(4)
Share of loss from investments in associates								(159)
Finance cost								(116)
Corporate income tax								<u>164</u>
Net income for the year								<u>164</u>

(Unit: Million Baht)

For the year ended 31 December 2008

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	3,422	308	224	3,954	66	2,489	-	6,509
Intersegment revenues	245	29	-	274	25	14	(313)	-
Total revenues	<u>3,667</u>	<u>337</u>	<u>224</u>	<u>4,228</u>	<u>91</u>	<u>2,503</u>	<u>(313)</u>	<u>6,509</u>
Segment profit	2,138	156	118	2,412	30	1,472	-	3,914
Interest and other income	355	2	-	357	-	46	-	403
Unallocated expenses:								
Selling expenses								(539)
Administrative expenses								(1,707)
Management benefit expenses								(148)
Depreciation								(418)
Other expenses								(59)
Foreign exchange loss								(11)
Share of income from investments in associate								120
Finance cost								(186)
Corporate income tax								(197)
Net income for the year								<u>1,172</u>

Transfer prices between business segments are as set out in Note 7 to the financial statements.

(Unit: Million Baht)

As at 31 December 2009

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Property, plant and equipment - net	13,546	18	1,375	14,939	597	32	-	15,568
Total assets	<u>15,675</u>	<u>338</u>	<u>1,466</u>	<u>17,479</u>	<u>605</u>	<u>3,616</u>	<u>-</u>	<u>21,700</u>

(Unit: Million Baht)

As at 31 December 2008

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Property, plant and equipment - net	16,242	24	1,367	17,633	672	45	-	18,350
Total assets	<u>18,913</u>	<u>333</u>	<u>1,436</u>	<u>20,682</u>	<u>677</u>	<u>3,580</u>	<u>-</u>	<u>24,939</u>

## **31. Financial instruments**

### **31.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable and payable, loans, investments, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed in described below.

#### **Credit risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable from the hotel, space rental, and property development businesses. However, due to the large number and diversity of the entities comprising the Company and its subsidiaries' customer base, the Company and its subsidiaries do not anticipate material losses from debt collection.

#### **Interest rate risk**

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits with financial institutions, long-term trade accounts receivable and bank overdrafts and loans. However, since most of the Company's financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates, the interest rate risk is expected to be minimal. 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 19).

Significant financial assets and liabilities as at 31 December 2009, classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements							
Fixed interest rates							
Within		Over	Floating	Non-Interest			
1 year	1-5 years	5 years	interest rate	bearing	Total		Interest rate
(Million Baht)							(% p.a.)
<b>Financial assets</b>							
Cash equivalents (excluding cash)	32	-	-	596	-	628	0.50%
Trade accounts receivable	268	-	-	4	600	872	7.5% - 12%
Restricted deposits at financial institution	2	-	-	-	-	2	0.50%
Long-term trade accounts receivable	-	569	206	2	-	777	7.5% - 12%
Long-term loans to employees	-	-	-	25	-	25	4.75%
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	520	-	520	2.55%
Trade accounts payable	-	-	-	-	248	248	-
Long-term loans from financial institutions	-	-	-	2,784	-	2,784	3.85% - 5.35%

Separate financial statements							
Fixed interest rates							
Within		Over	Floating	Non-Interest			
1 year	1-5 years	5 years	interest rate	bearing	Total		Interest rate
(Million Baht)							(% p.a.)
<b>Financial assets</b>							
Cash equivalents (excluding cash)	-	-	-	36	-	36	0.50%
Trade accounts receivable	24	-	-	-	89	113	7.5% - 12%
Long-term trade accounts receivable	-	333	105	-	-	438	7.5% - 12%
Long-term loans to subsidiaries	-	-	-	2,408	-	2,408	4.43%
Long-term loans to employees	-	-	-	12	-	12	4.75%
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	260	-	260	2.55%
Trade accounts payable	-	-	-	-	32	32	-
Long-term loans from subsidiaries	-	-	-	881	-	881	1.60%, 2.96%
Long-term loans from financial institutions	-	-	-	553	-	553	4.10%, 4.85%

## 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 31 December 2009 are summarised below.

Foreign currency	Amount bought (Million)	Forward rate for amount bought (Baht per US dollar)	Maturity
<u>The Company</u>			
US dollar	3.3	40.03	USD 1.7 million due quarterly from 31 January 2010 to 30 April 2010
<u>Subsidiary</u>			
US dollar	8.2	34.01	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

#### Foreign currency assets/liabilities

As at 31 December 2009, the outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	Consolidated financial statements				Average exchange rate as at 31 December 2009
	statements		Separate financial statements		(Baht per 1 foreign currency unit)
	Assets	Liabilities	Assets	Liabilities	
US Dollar	5,380	443	579	172	33.3688
Singapore Dollar	717	334	-	14	23.7287
British Pound	347	-	125	-	53.0306
Euro	345	-	212	-	47.7934
Swiss Franc	-	2	-	-	32.1241

### **31.2 Fair value of financial instruments**

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **32. Capital management**

The primary objectives of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the consolidated balance sheet as at 31 December 2009, the Company and its subsidiaries had a debt-to-equity ratio of 0.3:1 (2008: 0.3:1).

### **33. Litigation**

- a) A case was brought to the Central Bankruptcy Court on 5 August 2009 as a result of the judgment of President of the Supreme Court of the previous case which the plaintiff brought to the Southern Bangkok Civil Court. Upon the plaint, the plaintiff asked the Court to revoke the resolution of the Extraordinary General Meeting of Shareholders of the defendant No.1/2007 held on 4 July 2007 (the EGM) and to cancel the registration of the aforementioned resolution on the grounds that the defendant and the chairman of the EGM did not allow the plaintiff to attend the EGM. The plaintiff is not a shareholder of the Company.

This case is currently pending at the Central Bankruptcy Court.



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

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.

This case is currently pending at the Court of First instance.

- c) A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991- 1995. The Sale and Purchase Agreement called for an area of approximately 20 Rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 Rai 2 Ngan 9 Square Wah. As result, the defendants have breached the Sale and Purchase Agreement. Therefore, the plaintiffs requested the defendants to completely deliver the common area as specified by the Agreement by transfer of the land totaling 10 rais 3 ngans 97.1 square wahs to Allamanda (1) Juristic Person, as the 10th plaintiff, or to be jointly liable for the compensation of Baht 132 million in case the transfer of land cannot be made. The plaintiffs also requested for additional compensation in the amount of Baht 56 million for unlawful use of the land which is supposed to be common property of Allamanda 1 Condominium. The total amount of claim is Baht 188 million with interest at the rate of 7.5 % per annum from the date the claim was lodged until the defendants have made full payment. The plaintiffs also claimed that the former and current directors of those subsidiaries as the 5th to 14th defendants were the representatives of the subsidiaries being the 1st to 4th defendants, and therefore must also be jointly liable with those subsidiaries.

LRH's affiliated companies and individual directors have lodged their statement of defense and believe that the plaintiff's claims are invalid and therefore no provision has been made in the accounts.

This case is currently pending at the Phuket Provincial Court of First Instance.

### 34. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As reclassified</u>	<u>As previously reported</u>	<u>As reclassified</u>	<u>As previously reported</u>
<u>Revenues</u>				
Insurance claim	226,111,886	-	91,772,425	-
Other income	86,719,559	312,831,445	51,331,563	143,103,998
<u>Expenses</u>				
Administrative expenses	1,707,146,995	1,866,506,902	361,082,627	461,241,163
Management benefit expenses	148,009,524	-	98,046,710	-
Foreign exchange loss	11,350,383	-	2,111,826	-

### 35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2010.

No. L004/2010

23<sup>rd</sup> February, 2010

Subject : The explanation for the operating result of the year 2009  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the year ended 31<sup>st</sup> December 2009, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 133 million which was Baht 970 million lower when compared to the prior year.

Total revenue for the year decreased by Baht 2,429 million as compared to the prior year mainly due to the following:

- Revenue from hotel operations decreased by Baht 654 million mainly due to lower room rates as a result of promotions and discounting to drive occupancies during the global economic downturn. There was also less corporate business as many companies cut back on spending on meetings and incentives due to the global economic downturn. In addition, lower retail sales from gallery outlets were recorded due to the lower business levels.
- Revenue from property development operations decreased by Baht 1,473 million mainly due to a significant slowdown in sales and revenue recognition as a result of the global economic downturn.
- Interest income decreased by Baht 28 million mainly due to the settlement of a long-term loan to an associated company in July 2009, a decrease in property sales trade accounts receivables and the settlement relating to the tsunami insurance claim in the prior year.
- Insurance claim revenue decreased by Baht 203 million due to the final settlement of an insurance claim in the prior year relating to the tsunami in 2004 offset by the settlement for losses incurred during an illegal blockade at Laguna Phuket in February 2009.
- Foreign exchange gain amounting to Baht 5 million in 2009 compared to foreign exchange loss amounting to Baht 11 million in 2008 mainly due to the impact of the movement of the Thai Baht on foreign currency dominated loans from finance institutions, foreign currency trade receivables and loan to associated company.
- Other income decreased by Baht 69 million mainly due to gain on reduction in share capital of an associated company in the prior year.

Total expenses decreased by Baht 1,437 million as compared to the prior year mainly due to the following:

- Cost of hotel operations decreased by Baht 219 million mainly due to the decrease in hotel revenue of the Laguna Phuket operations.
- Cost of property development operations decreased by Baht 730 million associated with the decrease in revenue from property development operations.
- Selling expenses decreased by Baht 151 million associated with the lower hotel and property revenue.
- Administrative expenses decreased by Baht 259 million mainly due to a decrease in payroll costs (introduction of unpaid leave scheme during the year) and a decrease in legal fees (associated with the tsunami insurance claim from prior years).
- Management benefit expenses decreased by Baht 27 million due to lower payroll costs (introduction of an unpaid leave scheme during the year).
- Depreciation increased by Baht 27 million mainly due to completed hotel renovations at Dusit Thani Laguna Phuket and Banyan Tree Bangkok.
- Other expenses decreased by Baht 59 million mainly due to impairment losses recognised on an investment and a building in the prior year.

Share of loss from investments in associates amounting to Baht 4 million in 2009 compared to share of income from investments in associates amounting to Baht 120 million in 2008 mainly due to the lower performance of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 27 million as compared to the prior year mainly due to lower loan balances and interest rates.

Corporate income tax decreased by Baht 81 million as compared to the prior year mainly due to the lower profits from hotel and property development operations.

Net income attributable to minority interests decreased by Baht 37 million as compared to the prior year due to the decreased profit of Laguna Beach Club Limited and Banyan Tree Gallery (Singapore) Pte Ltd. in which there are a 50% and 49% minority interest respectively.

For the reasons stated above, the company has shown a decrease in net profit as compared to the prior year.

Sincerely Yours,

(Mr. Stuart D. Reading)

Vice President-Finance

February 23, 2010

**Subject: Dividend Payment and the 2010 Annual General Meeting (“AGM”)**

**To: President  
The Stock Exchange of Thailand**

The Board of Directors’ Meeting of Laguna Resorts & Hotels Public Company Limited (“Company”) No. 1/2010 held on February 23, 2010 resolved the following significant matters:

1. Agreed to propose in the AGM to acknowledge the business operations of the Company for the year 2009.
2. Agreed to propose in the AGM to approve the Company’s audited balance sheet as at December 31, 2009 and income statement for the year ended December 31, 2009 with the auditor’s report thereon.
3. Agreed to propose in the AGM to appropriate the retained earnings for the year ended December 31, 2009 as follows:
  - a. Legal reserve at 5% of the Company’s net profit for the year 2009 amounting Baht 14,968,739.00
  - b. Dividend payment to shareholders in the amount of Baht 0.50 per share for 166,682,701 shares, totaling Baht 83,341,350.50
  - c. Unappropriated retained earnings to be carried forward.

The Company has fixed the record date on which the shareholders are entitled to receive dividend on May 7, 2010 and fixed the share register book closing date on which the shareholder list as specified under Section 225 of the Securities and Exchange Act shall be compiled on May 10, 2010. Dividend payment will be made on May 26, 2010.

4. Agreed to propose in the AGM to re-elect all 4 directors (namely Mr. Surapon Supratya, Mr. Michael R. Ayling, Dr. Jingjai Hanchanlash and Mr. Steven M. Small) who are due to retire for another term of their directorships, as recommended by the Nomination and Remuneration Committee.
5. Agreed to propose in the AGM to approve an increase in the remuneration for the directors of the Board and directors who are members of the Audit and Risk Committee and/or Nomination and Remuneration Committee by Baht 200,000 or approximately 2 percent to a total amount not exceeding Baht 9.60 million per year with effect from January 1, 2010 and for each ensuing year, unless or until resolved otherwise by a general meeting of the shareholders of the Company and to authorize the Board of Directors, at its own discretion, to determine the details and amount of remuneration to be paid to each director of the Board and each director who is a member of the Audit and Risk Committee and/or the Nomination and Remuneration as the Board of Directors may deem appropriate, as recommended by the Nomination and Remuneration Committee.
6. Agreed to propose in the AGM to re-appoint Mr. Sophon Permsirivallop C.P.A. No. 3182 and/or Ms. Rungnapa Lertsuwankul, C.P.A. No. 3516 and/or Ms. Sumalee Reewarabandith, C.P.A. No. 3970 of Ernst & Young Office Limited to be the Company's auditor for the year 2010 with total remuneration not exceeding Baht 860,000 per year.
7. Agreed to propose in the AGM to certify the minutes of the 2009 Annual General Meeting.
8. Approved for the AGM to be held at 14:30 hrs. on Tuesday, April 27, 2010 in Banyan Ballroom on the 10<sup>th</sup> Floor of the Banyan Tree Hotel located at No. 21/100, Thai Wah Tower II, South Sathorn Road, Tungmahamek Sub-district, Sathorn District, Bangkok 10120

The Company has fixed the record date on which the shareholders are entitled to attend the 2010 AGM on March 10, 2010 and fixed the share register book closing date on which the shareholder list as specified under Section 225 of the Securities and Exchange Act shall be compiled on March 11, 2010.

9. Approved the following agenda for the AGM:

1. To consider and certify the minutes of the 2009 Annual General Meeting
2. To consider and acknowledge the business operations of the Company for the year 2009
3. To consider and approve the Company's audited balance sheet as at December 31, 2009 and income statement for the year ended December 31, 2009 with the auditor's report thereon
4. To consider and approve the payment of dividend
5. To consider and approve matters relating to directorships of the Company
  - 5.1 Election of new directors to succeed those who will be retiring on completion of their terms
  - 5.2 Remuneration for the directors of the Board and directors who are members of the Audit and Risk Committee and the Nomination and Remuneration Committee
6. To consider and approve the appointment of an auditor and determination of its remuneration for the year 2010
7. To consider any other appropriate business, if any

Please be informed accordingly.

Yours sincerely,

(Ms. Sirivan Skulkerevathana)  
Senior Assistant Vice President - Finance

**(Audited Yearly F/S and Consolidated F/S (F45-3))**  
**Reports : Audited yearly and consolidated statements as follows.**  
**Name Laguna Resorts & Hotels Public Company Limited**

**Audited**  
**(In thousands)**  
**Ending December 31**

**The Consolidated Financial Statement**

Year	For year	
	2009	2008
Net profit (loss)	133,358	1,103,682
EPS (baht)	0.80	6.62

**The Company Financial Statement**

Year	For year	
	2009	2008
Net profit (loss)	647,857	647,334
EPS (baht)	3.89	3.88

Auditors Opinion:  
Unqualified opinion

Comment : 1. Please see details in financial statements, auditor's report and remarks from  
SET SMART

"The company hereby certifies that the information above is correct and complete. In addition, the company has already reported and disseminated its financial statements in full via the SET Electronic Listed Company Information Disclosure (ELCID), and has also submitted the original report to the Securities and Exchange Commission."

Signature.....

(Mr. Stuart D. Reading)  
Position Vice President-Finance

Authorized to sign on behalf of the company