

Laguna Resorts & Hotels Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2012

Independent Auditor's Report

To the Shareholders of Laguna Resorts & Hotels Public Company Limited

I have audited the accompanying consolidated financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Laguna Resorts & Hotels Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and of Laguna Resorts & Hotels Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited

Bangkok: 22 February 2013

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December	31 December	1 January	31 December	31 December	1 January
		2012	2011	2011	2012	2011	2011
Assets							
Current assets							
Cash and cash equivalents	6	571,864,369	478,996,835	2,021,393,771	53,398,241	26,153,457	1,397,248,738
Trade and other receivables	8	523,115,792	479,336,444	641,629,346	183,353,889	187,413,647	116,386,001
Inventories	10	133,423,556	144,839,992	145,427,225	104,634	224,390	986,539
Property development cost	11	2,387,510,437	2,631,464,014	2,772,304,981	245,342,887	276,087,447	328,668,769
Other current assets	12	192,237,232	195,934,056	139,849,393	30,969,734	16,031,714	16,853,368
Total current assets		3,808,151,386	3,930,561,341	5,720,604,716	513,169,385	505,910,655	1,860,143,415
Non-current assets							
Restricted deposits at financial institution	7	-	-	2,020,000	-	-	-
Fixed deposit		2,000,000	-	-	2,000,000	-	-
Long-term trade accounts receivable	13	160,078,416	173,031,673	230,877,122	24,890,227	34,859,249	43,316,309
Investments in subsidiaries	14	-	-	-	3,479,025,077	3,408,568,104	3,492,207,114
Investments in associates	15	516,305,462	534,049,159	335,560,311	-	-	-
Other long-term investments	16	544,332,731	318,949,756	279,979,891	-	-	-
Long-term loans to subsidiaries	9	-	-	-	1,690,900,629	1,828,350,629	2,234,690,629
Long-term loans to employees	9	2,093,256	2,819,177	15,739,513	162,966	1,720,852	7,390,496
Investment properties	17	1,076,544,000	800,340,000	777,640,383	169,914,661	81,577,940	82,682,691
Property, plant and equipment	18	12,819,404,762	13,026,583,106	14,074,899,390	174,392,630	256,444,342	264,314,701
Goodwill	14	381,304,038	381,304,038	385,491,758	-	-	-
Leasehold rights	19	24,765,903	26,666,372	27,935,166	-	-	-
Other non-current assets		69,944,080	70,193,196	46,087,415	3,057,237	3,132,194	3,167,490
Total non-current assets		15,596,772,648	15,333,936,477	16,176,230,949	5,544,343,427	5,614,653,310	6,127,769,430
Total assets		19,404,924,034	19,264,497,818	21,896,835,665	6,057,512,812	6,120,563,965	7,987,912,845

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	20	-	710,000,000	-	-	410,000,000	-
Trade and other payables	21	690,934,721	712,363,410	843,519,534	60,900,673	133,217,288	159,856,362
Current portion of long-term loans from financial institutions	23	422,950,743	356,523,000	570,210,665	70,000,000	70,000,000	70,000,000
Income tax payable		12,530,804	44,431,474	613,236,462	-	-	452,970,713
Advance received from customers		356,003,785	377,740,304	418,454,322	23,262,951	142,796,414	74,803,195
Other current liabilities	22	129,056,513	139,752,814	141,305,800	5,807,590	8,985,575	6,737,273
Total current liabilities		1,611,476,566	2,340,811,002	2,586,726,783	159,971,214	764,999,277	784,367,543
Non-current liabilities							
Long-term loans from subsidiary	9	-	-	-	669,650,000	11,200,000	798,940,000
Long-term loans from financial institutions - net of current portion	23	2,974,325,820	2,134,280,743	1,965,233,743	175,000,000	245,000,000	315,000,000
Provision for long-term employee benefits	24	53,462,110	120,857,009	94,668,327	9,884,414	33,596,649	27,737,282
Other non-current liabilities		91,163,057	79,455,379	81,544,070	11,809,524	11,488,566	13,721,625
Total non-current liabilities		3,118,950,987	2,334,593,131	2,141,446,140	866,343,938	301,285,215	1,155,398,907
Total liabilities		4,730,427,553	4,675,404,133	4,728,172,923	1,026,315,152	1,066,284,492	1,919,766,450
Shareholders' equity							
Share capital							
Registered							
211,675,358 ordinary shares of Baht 10 each		2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580	2,116,753,580
Issued and fully paid-up							
166,682,701 ordinary shares of Baht 10 each		1,666,827,010	1,666,827,010	1,666,827,010	1,666,827,010	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	2,062,460,582	2,062,460,582
Capital reserve	25	568,130,588	568,130,588	634,698,720	-	-	-
Retained earnings							
Appropriated - statutory reserve	27	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358	211,675,358
Unappropriated		3,544,769,796	3,447,854,085	4,911,153,264	908,253,138	939,533,860	1,953,400,782
Other components of shareholders' equity		6,347,884,790	6,349,401,985	6,672,974,079	181,981,572	173,782,663	173,782,663
Equity attributable to owner of the Company		14,401,768,124	14,306,349,608	16,159,789,013	5,031,197,660	5,054,279,473	6,068,146,395
Equity attributable to non-controlling interests of the subsidiaries		272,728,357	282,744,077	1,008,873,729	-	-	-
Total shareholders' equity		14,674,496,481	14,589,093,685	17,168,662,742	5,031,197,660	5,054,279,473	6,068,146,395
Total liabilities and shareholders' equity		19,404,924,034	19,264,497,818	21,896,835,665	6,057,512,812	6,120,563,965	7,987,912,845

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

Directors

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Revenue					
Revenue from hotel operations		3,164,823,205	2,798,295,765	34,478,700	30,266,913
Revenue from property development operations		892,571,753	576,749,819	73,323,397	96,401,119
Revenue from office rental operations		92,397,575	85,527,031	42,770,398	30,017,626
Other income	28	149,486,910	137,448,398	168,189,520	942,210,107
Total revenue		4,299,279,443	3,598,021,013	318,762,015	1,098,895,765
Expenses					
Cost of hotel operations		1,545,115,209	1,493,318,952	8,129,556	13,636,005
Cost of property development operations		427,179,985	225,125,486	38,151,898	53,623,340
Cost of office rental operations		39,252,860	32,529,154	6,981,229	6,388,423
Selling expenses		399,269,560	340,765,429	11,117,136	18,043,420
Administrative expenses		1,608,713,527	1,631,154,584	257,174,571	301,566,701
Total expenses		4,019,531,141	3,722,893,605	321,554,390	393,257,889
Profit (loss) before share of profit (loss) from investment					
In associate, finance cost and income tax expenses		279,748,302	(124,872,592)	(2,792,375)	705,637,876
Share of profit (loss) from investment in associate	15	(5,427,759)	174,334,694	-	-
Profit (loss) before finance cost and income tax expenses		274,320,543	49,462,102	(2,792,375)	705,637,876
Finance cost		(179,887,551)	(132,157,254)	(40,082,794)	(52,368,433)
Profit (loss) before income tax expenses		94,432,992	(82,695,152)	(42,875,169)	653,269,443
Income tax expenses	30	(35,875,065)	(101,965,084)	-	(309,515)
Profit (loss) for the year		58,557,927	(184,660,236)	(42,875,169)	652,959,928
Profit (loss) attributable to:					
Equity holders of the Company		41,392,679	(223,574,781)	(42,875,169)	652,959,928
Non-controlling interests of the subsidiaries		17,165,248	38,914,545		
		<u>58,557,927</u>	<u>(184,660,236)</u>		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	31	0.25	(1.34)	(0.26)	3.92

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit (loss) for the year	58,557,927	(184,660,236)	(42,875,169)	652,959,928
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	(6,493,232)	45,455,573	-	-
Actuarial gain of post-employment benefits	46,064,509	831,347	11,594,447	-
Other comprehensive income for the year	39,571,277	46,286,920	11,594,447	-
Total comprehensive income for the year	98,129,204	(138,373,316)	(31,280,722)	652,959,928
Total comprehensive income attributable to:				
Equity holders of the Company	80,626,317	(179,965,635)	(31,280,722)	652,959,928
Non-controlling interests of the subsidiaries	17,502,887	41,592,319		
	98,129,204	(138,373,316)		

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements											
Equity attributable to the owners of the Company											
						Other components of shareholders' equity					
						Other comprehensive income					Equity attributable to non-controlling interests of the subsidiaries
Issued and fully paid-up share capital	Share premium	Capital reserve	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on assets	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Total equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated							
Balance as at 1 January 2011	1,666,827,010	2,062,460,582	634,698,720	211,675,358	4,911,153,264	60,208,815	6,612,765,264	6,672,974,079	16,159,789,013	1,008,873,729	17,168,662,742
Sale of investments in subsidiaries	-	-	(66,568,132)	-	426,271,105	-	(359,702,973)	(359,702,973)	-	(664,763,347)	(664,763,347)
Amortisation of revaluation surplus on assets	-	-	-	-	-	-	(6,646,920)	(6,646,920)	(6,646,920)	(452,180)	(7,099,100)
Dividend paid (Note 33)	-	-	-	-	(1,666,826,850)	-	-	-	(1,666,826,850)	-	(1,666,826,850)
Dividend paid to non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(102,506,444)	(102,506,444)
Total comprehensive income for the year	-	-	-	-	(222,743,434)	42,777,799	-	42,777,799	(179,965,635)	41,592,319	(138,373,316)
Balance as at 31 December 2011	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>568,130,588</u>	<u>211,675,358</u>	<u>3,447,854,085</u>	<u>102,986,614</u>	<u>6,246,415,371</u>	<u>6,349,401,985</u>	<u>14,306,349,608</u>	<u>282,744,077</u>	<u>14,589,093,685</u>
Balance as at 1 January 2012	1,666,827,010	2,062,460,582	568,130,588	211,675,358	3,447,854,085	102,986,614	6,246,415,371	6,349,401,985	14,306,349,608	282,744,077	14,589,093,685
Addition of revaluation surplus on assets	-	-	-	-	-	-	21,000,000	21,000,000	21,000,000	-	21,000,000
Reversal of revaluation surplus on disposal of assets	-	-	-	-	9,478,523	-	(9,478,523)	(9,478,523)	-	-	-
Dividend paid to non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(27,499,015)	(27,499,015)
Amortisation of revaluation surplus on assets	-	-	-	-	-	-	(6,207,801)	(6,207,801)	(6,207,801)	(19,592)	(6,227,393)
Total comprehensive income for the year	-	-	-	-	87,457,188	(6,830,871)	-	(6,830,871)	80,626,317	17,502,987	98,129,204
Balance as at 31 December 2012	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>568,130,588</u>	<u>211,675,358</u>	<u>3,544,789,796</u>	<u>96,155,743</u>	<u>6,251,729,047</u>	<u>6,347,884,790</u>	<u>14,401,768,124</u>	<u>272,728,357</u>	<u>14,674,496,481</u>

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

Laguna Resort & Hotels Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity - revaluation surplus on assets	
			Appropriated - Statutory reserve	Unappropriated		
Balance as at 1 January 2011	1,666,827,010	2,062,460,582	211,675,358	1,953,400,782	173,782,663	6,068,146,395
Dividend paid (Note 33)	-	-	-	(1,666,826,850)	-	(1,666,826,850)
Total comprehensive income for the year	-	-	-	652,959,928	-	652,959,928
Balance as at 31 December 2011	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>939,533,860</u>	<u>173,782,663</u>	<u>5,054,279,473</u>
Balance as at 1 January 2012	1,666,827,010	2,062,460,582	211,675,358	939,533,860	173,782,663	5,054,279,473
Addition of revaluation surplus on assets	-	-	-	-	8,198,909	8,198,909
Total comprehensive income for the year	-	-	-	(31,280,722)	-	(31,280,722)
Balance as at 31 December 2012	<u>1,666,827,010</u>	<u>2,062,460,582</u>	<u>211,675,358</u>	<u>908,253,138</u>	<u>181,981,572</u>	<u>5,031,197,660</u>

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit (loss) before income tax expenses	94,432,992	(82,695,152)	(42,875,169)	653,269,443
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation	285,981,700	317,777,483	8,086,075	9,040,760
Amortisation of leasehold rights	2,591,415	2,534,970	-	-
Allowance for doubtful accounts (reversal)	3,244,158	(4,834,801)	(180,213)	164,536
Reduction of inventory to net realisable value (reversal)	(793,732)	135,157	-	-
Share of loss (profit) from investment in associate	5,427,759	(174,334,694)	-	-
Gain on sales of investments	-	(45,207,102)	-	(34,489,911)
Loss (gain) on change in fair value of investment properties	(81,204,000)	(22,699,617)	(12,204,000)	1,104,752
Allowance for diminution in value of other investment	-	-	-	6,466,044
Loss (gain) on sales of property, plant and equipment	(1,501,034)	1,359,121	(263,779)	508,800
Write off property, plant and equipment	1,836,084	3,304,368	1,606,371	1,240,000
Write off other current assets	4,935,561	12,146,069	-	-
Provision for long-term employee benefits (reversal)	(2,097,457)	36,575,538	(975,288)	6,814,967
Interest income	(34,019,414)	(42,888,804)	(120,327,540)	(139,753,580)
Interest expenses	179,887,551	132,157,254	40,082,794	52,368,433
Profit (loss) from operating activities before changes in operating assets and liabilities	458,721,583	133,329,790	(127,050,749)	556,734,244
Operating assets (increase) decrease				
Trade and other receivables	(46,760,095)	152,722,403	33,612,696	(45,861,083)
Inventories	12,210,168	(4,534,414)	119,756	762,149
Property development cost	346,714,421	140,850,967	37,256,439	52,581,322
Other current assets	11,322,808	(52,136,338)	(9,917,957)	4,031,288
Long-term trade accounts receivable	12,953,257	57,845,448	9,969,022	8,457,061
Other non-current assets	249,116	(24,248,983)	74,957	35,296

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Operating liabilities increase (decrease)				
Trade and other payables	(20,816,220)	(69,959,293)	(73,469,792)	(25,106,663)
Advance received from customers	(21,736,519)	(40,714,018)	(119,533,463)	67,993,219
Other current liabilities	(10,696,302)	(1,552,984)	(3,178,854)	2,248,300
Provision for long-term employee benefits	(19,232,933)	-	(11,142,500)	-
Other non-current liabilities	11,707,678	(12,475,546)	320,958	(3,188,659)
Cash flows from (used in) operating activities	734,636,962	279,127,032	(262,939,487)	618,686,474
Cash received for interest income	33,756,002	44,745,618	90,954,813	114,422,481
Cash paid for interest expenses	(180,500,019)	(130,896,417)	(38,929,616)	(53,340,174)
Cash paid for income tax	(80,337,279)	(653,760,139)	(5,020,063)	(456,489,862)
Net cash flows from (used in) operating activities	507,555,666	(460,783,906)	(215,934,353)	223,278,919
Cash flows from investing activities				
Decrease in restricted deposits at financial institution	-	2,020,000	-	-
Increase in fixed deposit	(2,000,000)	-	(2,000,000)	-
Cash received from sale of investments in subsidiaries	-	710,096,465	-	119,489,911
Cash paid for purchase of investments in subsidiaries	-	-	(70,456,973)	(1,360,990)
Decrease in cash and cash equivalents of subsidiary at the disposal date	-	(64,258,403)	-	-
Cash paid for purchase of other long-term investment	(225,382,975)	(38,970,865)	-	(6,466,044)
Dividend received from investment in associate	-	17,181,689	-	-
Cash received from long-term loans to subsidiaries	-	-	1,090,200,000	2,040,990,000
Cash paid for long-term loans to subsidiaries	-	-	(952,750,000)	(1,634,650,000)
Decrease in long-term loans to employees	725,921	12,920,336	1,557,886	5,669,644
Cash received from sales of property, plant and equipment	2,191,109	2,875,710	902	54,633
Cash paid for acquisition of property, plant and equipment	(363,823,915)	(621,280,291)	(1,822,678)	(3,534,504)
Net cash flow from (used in) investing activities	(588,289,860)	20,584,641	64,729,137	520,192,650
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institution	(710,000,000)	710,000,000	(410,000,000)	410,000,000
Draw down of long-term loans from subsidiaries	-	-	955,450,000	563,650,000
Repayment of long-term loans from subsidiaries	-	-	(297,000,000)	(1,351,390,000)
Draw down of long-term loans from financial institutions	1,285,308,500	562,020,000	-	-
Repayment of long-term loans from financial institutions	(378,835,680)	(606,660,665)	(70,000,000)	(70,000,000)
Payment of dividends	(27,499,015)	(1,769,332,294)	-	(1,666,826,850)
Net cash flows from (used in) financing activities	168,973,805	(1,103,972,959)	178,450,000	(2,114,566,850)
Net exchange differences on translation of financial statements in foreign currency	4,627,923	1,775,288	-	-
Net increase (decrease) in cash and cash equivalents	92,867,534	(1,542,396,936)	27,244,784	(1,371,095,281)
Cash and cash equivalents at beginning of year	478,996,835	2,021,393,771	26,153,457	1,397,248,738
Cash and cash equivalents at end of year	571,864,369	478,996,835	53,398,241	26,153,457

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

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Supplemental cash flows information				
Non-cash items				
Transferred property, plant and equipment				
to investment properties	195,000,000	618,340,383	76,132,721	20,144,752
Addition of revaluation surplus on assets	21,000,000	-	8,198,909	-
Amortisation of revaluation surplus on assets	6,227,392	7,099,100	-	-
Reversal of revaluation surplus on assets for sale				
of investments	-	426,271,105	-	-
Increase (decrease) in exchange differences on translation				
of financial statements in foreign currency of associate	(12,315,938)	41,335,844	-	-
Utilise allowance for doubtful accounts	504,018	4,015,092	51,360	1,640,490
Reversal of revaluation surplus on disposal of assets	9,478,523	-	-	-
Actuarial gain of post-employment benefits	46,064,509	831,347	11,594,447	-

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 year ended 31 December 2012

1. General information

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

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

The Company and some of its subsidiaries' registered address is 21/11, 21/12B, 21/13, 21/65 and 21/66 Thai Wah Tower I, 6th and 22nd Floor, South Sathorn Road, Tungmahamek, Sathorn, Bangkok.

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 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012 %	2011 %
<u>Subsidiaries directly held by the Company</u>				
Banyan Tree Gallery (Singapore) Pte. Limited	Sale of merchandise	Singapore	51.0	51.0
Banyan Tree Gallery (Thailand) Limited	Sale of merchandise	Thailand	51.0	51.0
Laguna Banyan Tree Limited ⁽¹⁾	Hotel operations and property development	Thailand	100.0	100.0
Laguna Holiday Club Limited	Holiday club membership and property development	Thailand	100.0	100.0
Laguna Grande Limited	Operating a golf club and property development	Thailand	100.0	100.0
Laguna Lakes Limited	Property development	Thailand	94.9	94.9
Laguna (3) Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Laguna Service Company Limited ⁽²⁾	Provide utilities and other services to hotels of the Company and subsidiaries	Thailand	72.9	72.9
TWR - Holdings Limited	Investment holding and property development	Thailand	100.0	100.0
<u>Subsidiaries held through TWR - Holdings Limited</u>				
Laguna Excursions Limited	Travel operations	Thailand	49.0	49.0
Laguna Village Limited	Hotel operations	Thailand	100.0	100.0
Mae Chan Property Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Pai Samart Development Company Limited	Holds land plots for future development	Thailand	100.0	100.0
Phuket Resort Development Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
PT AVC Indonesia	Holiday club membership	Indonesia	100.0	100.0
Talang Development Company Limited	Property development	Thailand	50.0	50.0
Thai Wah Plaza Limited	Hotel operations, lease of office building space and property development	Thailand	100.0	100.0
Thai Wah Tower Company Limited	Lease of office building space	Thailand	100.0	100.0
Thai Wah Tower (2) Company Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Twin Waters Development Company Limited	Property development	Thailand	100.0	100.0

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2012 %	2011 %
<u>Subsidiaries held through Laguna Grande Limited</u>				
Bangtao (1) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (2) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao (3) Limited	Owns land on which a hotel staff dormitory is situated	Thailand	100.0	100.0
Bangtao (4) Limited	Owns land on which the golf course is situated	Thailand	100.0	100.0
Bangtao Development Limited	Owns land on which a hotel is situated	Thailand	100.0	100.0
Bangtao Grande Limited	Hotel operations	Thailand	100.0	100.0
Laguna Central Limited	Dormant	Thailand	85.0	85.0
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte. Limited</u>				
Lijiang Banyan Tree Gallery Trading Co., Ltd	Sale of merchandise	The People's Republic of China	51.0	51.0
<u>Subsidiary held through Laguna Holiday Club Limited</u>				
Cheer Golden Limited	Investment holding	Hong Kong	100.0	100.0

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

(2) Laguna Services Company Limited is held by the Company and 2 subsidiaries.

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary 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.

In February 2011, the Company and TWR-Holdings Limited, a subsidiary, sold Laguna Beach Club Limited ("LBC"), in which the Company and its subsidiary had a 60% shareholding, comprising 1,200,000 shares, to Laguna Phuket Club Limited, as discussed in the Note 14 to the financial statements. Upon completion of the transaction on 10 May 2011, LBC and Laguna (1) Limited, a wholly-owned subsidiary of LBC, were no longer the subsidiaries of the Company.

As at 10 May 2011, the net asset value of LBC and Laguna (1) Limited were as follows:

(Unit: Thousand Baht)

Assets	
Cash and bank deposits	64,258
Trade accounts receivable	12,470
Inventories	4,987
Amount due to related parties	1,807
Other current assets	5,027
Total current assets	<u>88,549</u>
Non-current assets	
Property, plant and equipment	1,337,699
Other assets	24,667
Total non-current assets	<u>1,362,366</u>
Total assets	<u>1,450,915</u>
Liabilities	
Trade accounts payable	14,047
Advance from related parties	6,545
Income tax payable	38,132
Other current liabilities	42,202
Total liabilities	<u>100,926</u>
Total net assets	1,349,989
Less: Non-controlling interests of the subsidiaries	<u>(674,995)</u>
Total net assets - the Company and a subsidiary portion	<u>674,994</u>
Selling price - net*	710,093
Less: Investment of the Company and a subsidiary portion - net	(238,615)
Transferred revaluation surplus on assets to retained earnings	<u>(426,271)</u>
Gain on sale of subsidiaries	<u>45,207</u>

* Selling price - net is selling price less price adjustment and related expenses.

- (b) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- (d) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- (e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

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

3. New accounting standards not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

- TAS 12 Income Taxes
- TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance
- TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

- TFRS 8 Operating Segments

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The effect of the adoption to the financial statements of the Company and its subsidiaries will be to decrease profit for the year 2012 by Baht 36 million (0.21 Baht per share), decrease other comprehensive income for the year 2012 by Baht 9 million (0.06 Baht per share) and decrease brought-forward retained earnings of the year 2012 by Baht 1,563 million (separate financial statements: decrease loss for the year 2012 by Baht 6 million (0.03 Baht per share), decrease other comprehensive income for the year 2012 by Baht 2 million (0.01 Baht per share) and decrease brought-forward retained earnings of the year 2012 by Baht 47 million).

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 4 and TFRIC 12 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

(a) Revenue from hotel operations

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

(b) Revenue from property development operations

- Revenue from the real estate sales

Revenue from sales of real estate is recognised when significant risks and rewards of ownership are transferred to the buyer, and the Company and its subsidiaries retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the real estate sold. In addition, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and its subsidiaries and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

- Revenue from sales of furniture

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

- Revenue from sale of holiday club memberships

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

- (c) Revenue from rental and services

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

- (d) Interest income

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

- (e) Dividends

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

4.2 Cost of 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 profit or loss.

4.3 Cash and cash equivalents

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

4.4 Trade accounts receivable

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

4.5 Property development cost

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

4.6 Inventories

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

4.7 Investments

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

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

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.8 Investment properties

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

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

4.9 Property, plant and equipment

Land is stated at its revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any). Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. As a policy, the revaluation will be performed every three years. If within that period, there are factors which may cause significant changes in the value of assets, the revaluation will be performed in that year to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

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

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same assets.

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

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 is provided on 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 recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

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

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

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 at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

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

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

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

4.16 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefits, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income and other long-term benefits are recognised immediately in profit or loss.

The defined benefits liability and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

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 in the accounts at the amount expected to be paid to the taxation authorities, 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 end of reporting period. Unrecognised 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 financial reporting standards 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 from these estimates. 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 have been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make 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 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 of the management.

Investment properties

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

Property plant and equipment/Depreciation

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

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by independent valuer using the Fair Market Approach for land, the Depreciated Replacement Cost Approach for buildings. 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 when it is determined that the recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenue and expenses relating to the assets subject to review.

Goodwill

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

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

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

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's and subsidiaries' management has used 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 end of reporting period.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Cash	6,667	5,487	194	191
Bank deposits	565,197	473,510	53,204	25,962
Total	571,864	478,997	53,398	26,153

As at 31 December 2012, bank deposits in saving accounts and fixed deposits carried interest rates between 0.625 % and 0.75% per annum (2011: between 0.25% and 0.75% per annum).

7. Restricted deposits at financial institution

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

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
<u>Trade accounts receivable</u>						
Trade accounts receivable - hotel operations	286,227	216,974	292,076	3,386	2,720	8,227
Less: Allowance for doubtful accounts	(12,740)	(6,566)	(14,299)	(51)	(103)	(1,759)
Trade accounts receivable - hotel operations, net	273,487	210,408	277,777	3,335	2,617	6,468
Trade accounts receivable - sales of property						
- Installments due	2,439	9,875	18,538	-	4,551	8,868
- Unbilled receivable (not yet due)	-	-	9,831	-	-	4,000
Current portion of long-term trade accounts receivable (Note 13)	90,680	64,989	75,616	25,584	14,935	18,845
Total	93,119	74,864	103,985	25,584	19,486	31,713
Less: Allowance for doubtful accounts	-	(3,433)	(5,228)	-	(180)	-
Trade accounts receivable - sales of property, net	93,119	71,431	98,757	25,584	19,306	31,713

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Trade accounts receivable - sales of holiday club memberships						
- Installments due	11,566	19,275	32,398	-	-	-
Current portion of long-term trade accounts receivable (Note 13)	32,961	65,920	97,624	-	-	-
Total	44,526	85,195	130,022	-	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	(2,600)	-	-	-
Trade accounts receivable - sales of holiday club memberships, net	41,926	82,595	127,422	-	-	-
Trade accounts receivable - net	408,532	364,434	503,956	28,919	21,923	38,181
Other receivables						
Amounts due from related parties (Note 9)	64,075	48,729	73,225	121,659	125,020	67,707
Other receivables	8,439	26,803	17,016	4,530	3,296	7,839
Forward exchange contract	-	-	16,127	-	-	-
Insurance claim receivable	88	223	26,655	-	-	-
Accrued other income	3,557	4,750	2,391	2,503	2,960	1,987
Interest receivable	666	403	2,259	550	221	672
Accrued rental	37,759	33,994	-	25,193	33,994	-
Total other receivables	114,584	114,902	137,673	154,435	165,491	78,205
Trade and other receivables, net	523,116	479,336	641,629	183,354	187,414	116,386

The balances of trade accounts receivable - hotel operations as at 31 December 2012, 2011 and 1 January 2011, aged on the basis of invoice dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Age of receivables						
Not yet due	131,079	110,064	115,505	1,304	1,060	2,587
Past due						
Up to 30 days	101,983	48,742	105,625	1,234	1,177	2,453
31 - 60 days	18,448	6,624	27,860	585	306	684
61 - 90 days	5,698	16,256	7,576	123	3	574
91 - 120 days	6,690	10,743	10,979	89	71	97
Over 120 days	22,329	24,545	24,531	51	103	1,832
Total	286,227	216,974	292,076	3,386	2,720	8,227
Less: Allowance for doubtful debts	(12,740)	(6,586)	(14,299)	(51)	(103)	(1,759)
Trade accounts receivable - hotel operations, net	273,487	210,408	277,777	3,335	2,617	6,468

The balances of installments due of trade accounts receivable - sales of property as at 31 December 2012, 2011 and 1 January 2011, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Age of receivables						
Not yet due	2,439	-	-	-	-	-
Past due						
Up to 30 days	-	5,370	8,937	-	4,371	8,134
31 - 60 days	-	543	1,193	-	-	481
61 - 90 days	-	312	1,221	-	-	247
91 - 120 days	-	217	524	-	-	-
Over 120 days	-	3,433	6,663	-	180	6
Total	2,439	9,875	18,538	-	4,551	8,868
Less: Allowance for doubtful debts	-	(3,433)	(5,228)	-	(180)	-
Trade accounts receivable - sales of property						
- installment due, net	2,439	6,442	13,310	-	4,371	8,868

The balances of installments due of trade accounts receivable - holiday club memberships as at 31 December 2012, 2011 and 1 January 2011, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Age of receivables						
Past due						
Up to 30 days	4,970	9,208	17,938	-	-	-
31 - 60 days	659	2,001	1,842	-	-	-
61 - 90 days	417	1,077	1,499	-	-	-
91 - 120 days	444	652	1,169	-	-	-
Over 120 days	5,075	6,337	9,950	-	-	-
Total	11,565	19,275	32,398	-	-	-
Less: Allowance for doubtful debts	(2,600)	(2,600)	(2,600)	-	-	-
Trade accounts receivable - sales of holiday club members - installment due, net	8,965	16,675	29,798	-	-	-

9. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2012	2011	2012	2011	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Inter resort payments	-	-	3	2	(1) agreed basis
Estate service expenses	-	-	3	2	(2) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	6	6	(3) agreed basis
Interest income	-	-	110	122	(5) agreement
Interest expenses	-	-	12	25	(5) agreement
Management fee income	-	-	2	2	(7) agreement
Purchase of gallery vouchers	-	-	1	2	(8) agreed basis
Reimbursement receipts	-	-	33	58	(11) agreed basis
Reimbursement payments	-	-	26	21	(11) agreed basis
Rental and service income	-	-	12	11	(12)(i), (iii) agreement
Rental and service expenses	-	-	14	16	(12)(iv), (v) agreement
Resort service expenses	-	-	10	10	(14) agreed basis
Dividend received	-	-	30	747	As declared
<u>Transactions with associate</u>					
Inter resort receipts	9	3	-	-	(1) agreed basis
Reimbursement receipts	5	5	-	3	(11) agreed basis
Reimbursement payments	1	1	-	-	(11) agreed basis
Rental and service expenses	1	1	-	-	(12)(i) agreement
<u>Transactions with related companies</u>					
Credit card commission receipts	1	1	-	-	(1) agreed basis
Inter resort payments	98	91	-	-	(1) agreed basis
Management fee income	2	1	1	1	(7), (17) agreement
Management fee expenses	261	164	-	-	(6), (15), (16) agreement
Purchase of spa vouchers	6	7	2	2	(8) agreed basis
Reimbursement receipts	56	57	4	5	(11) agreed basis
Reimbursement payments	74	86	6	7	(11) agreed basis
Rental and service income	39	45	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental and service expenses	1	-	-	-	(12)(ix) agreement
Rental return on hotel units	4	4	-	-	(13) agreement
Resort service income	8	8	-	-	(14) agreed basis
Sale of gallery vouchers	8	10	-	-	(8) agreed basis

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2012	2011	2012	2011	
Sale of goods	48	67	-	-	(9) agreed basis
Spa service expenses	1	-	-	-	(18) agreed basis
Training charges	13	10	7	3	(10) agreed basis
Dividend paid	28	-	-	-	As declared

Transactions with management and directors

Interest income	3	3	2	2	(4) agreement
Rental expense	-	1	-	-	(12)(viii) agreement

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

- (1) These charges relate to goods and services that are consumed by customers in one part of Laguna Phuket but are billed centrally to the customer at the hotel at which the customer is staying. Such charges relate to meals at restaurants, golf fees, treatments at the spa and goods purchased at shops in the resort. On receiving the funds centrally from the customer, the hotel reimburses the company in which the goods and services are consumed. Actual receipts are paid and handling charges are not charged with the exception of credit card whereby commission is charged ranging from 2% to 4% of the revenue and are based on the commissions charged by the credit card companies. Such inter resort charges are also incurred at the Banyan Tree Bangkok and Banyan Tree Lijiang primarily for treatments at the spa and goods purchased at the shops.
- (2) Estate maintenance and service charges by Laguna Grande Limited in respect of providing services such as pool cleaning service, gardening service, etc to residential projects in Laguna Phuket which charges are at market price.
- (3) Guarantee fee among group companies for permitting their assets to be pledged as collateral for other related companies' bank loans by charging on 1% of proportion of value of pledged assets to total loan facilities.
- (4) 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.

- (5) Loans to subsidiaries and between group companies are unsecured and are denominated in Thai Baht. 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 statements of financial position.
- (6) The terms of the operating agreements are disclosed in Note 34 to the financial statements and consist of a royalty agreement, hotel management agreement and technical assistance agreement. The payment terms of the contracts are as follows:

Royalty fee paid for the use of "Banyan Tree" and "Angsana" trademarks and all other proprietary rights associated with it.

- (i) Banyan Tree Phuket (Laguna Banyan Tree Limited) pays a royalty fee of 2% of total revenue.
- (ii) Banyan Tree Bangkok (Thai Wah Plaza Limited) and Angsana Laguna Phuket (Bangtao Grande Limited) pay a royalty fee of 3% of total revenue.
- (iii) Banyan Tree Gallery (Thailand) Limited and Banyan Tree Gallery (Singapore) Pte. Ltd. pay a royalty fee of 1% of total revenue.

Hotel management and technical assistance fees.

- (iv) The Technical Assistance Agreement of the Banyan Tree Phuket pays a technical fee of 7.5% of gross operating profit.
- (v) 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.
- (vi) The Hotel Management Agreement of the Banyan Tree Bangkok and the Angsana Laguna Phuket pay a hotel management fee of 10% of gross operating profit.

(vii) In addition, pursuant to the hotel management and technical assistance agreements, expenses relating to the sharing of group marketing costs such as promotional campaigns and adverts, sales staff salaries, central reservations and international sales offices incurred by the Banyan Tree and/or Angsana corporate head office shall be charged as follows:

- Group marketing services shared on a group basis are based on 1.75% of actual hotel revenues plus a share of operating cost of Regional Marketing offices.
- Reservation service fees are 1% of room revenue plus USD 12 per booking sourced through third party channels.

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

- (7) The Company provides project management services, the contracted fee is set at a rate of 5% of the actual or budgeted costs of the project.
- (8) Purchase of Banyan Tree Spa and Banyan Tree Gallery vouchers for distribution to management to provide an additional benefit scheme. The vouchers are issued yearly to qualifying executives and are valid only within the year of issue. The voucher is priced at the face value of the voucher.
- (9) These transactions relate to:
 - (i) Sale of goods from Banyan Tree Gallery (Thailand) Limited to related companies is priced at a 15% to 60% discount to the retail price depending on the volume purchased.
 - (ii) Sale of guest and spa supplies of high volume purchases from companies which operate galleries to related companies is priced at cost plus 35% to 55% margin.
- (10) Training charges by Banyan Tree Resorts & Spas (Thailand) Company Limited in respect of providing centralised training facilities and courses for staff. The training costs are allocated to each operation based on actual cost.
- (11) Costs are often incurred within the group which is reimbursed by the company to which the expense relates. Actual costs are reimbursed with no handling costs applied.

(12) Rental paid for premises and land. The rental periods are not over three years, except some transactions as stated in 12(i).

(i) Rental and service fee is on the basis of 5% 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 2041
LBTL	BTRS(T)	10 years	December 2015

BGL : Bangtao Grande Limited

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

LBTL : Laguna Banyan Tree Limited

(ii) Rental and service income for space in Banyan Tree Phuket for Banyan Tree Spa office and store are Baht 1,105 per square metre per month.

(iii) Rental of space and service in Canal Village. The charges include rental and related service fees which are at market rate.

(iv) Rental and service income earned by Thai Wah Plaza Limited for renting the office space at Thai Wah Tower I and II. The charges include rental and related service fees which are at market rate.

(v) Rental of land and lagoon on which hotel and hotel - related operations are located are Baht 113,908 and Baht 11,391 per rai per annum respectively.

(vi) Service income from rental of Banyan Tree Management Academy is at Baht 125,000 per month.

(vii) Rental of land on which Spa premises are located is on the basis of Baht 0.7 million per annum.

(viii) Rental of property used as a model display home of the Laguna Property Sales division in 2011 was at Baht 70,000 per month.

(ix) Rental and service fee for Banyan Tree Gallery (Singapore)'s office, monthly rental is SGD 34.56 per square metre.

(13) This relates to a Management Agreement to manage the hotel units of Cheer Golden Limited in the Angsana Resort & Spa on Bintan Island, Indonesia under which Cheer Golden Limited receives a return of 15% per annum on the investment of the leasehold rights.

(14) Resort service charged to the operations relates to revenue of Laguna Service Company Limited which provides centralised services to each operation in the group located at Laguna Phuket at the following rates:

- Water supply : at the determined price and actual usage
- Laundry charge : at the price based on cost plus a certain margin
- Common area services, transportation charges : based on actual cost
- Staff buses : at the price based on cost plus a certain margin
- Marketing fee : at the rate of 1% of each operations' actual revenue
- Community service : based on actual cost

(15) This relates to architectural and interior design services. The fees are based on construction cost at progressive rates depending on the type of constructions and services provided. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

(16) This related to technical service for pre-construction and pre-opening of Angsana Laguna Phuket at USD 0.5 million.

(17) The Company charges a management fee to Banyan Tree Resorts & Spas (Thailand) Company Limited for providing administration services of information technology and human resources. The monthly fee is Baht 55,000 (2011: Baht 65,000 also included maid service and an additional Baht 300 per person for internet services).

(18) This relates to the purchase of spa vouchers by Laguna Holiday Club Limited from Banyan Tree Resorts & Spas (Thailand) Company Limited, for using as a marketing tool, which is priced at a 20% to 40% discount to the Spa price list.

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 2012</u>	<u>31 December 2011</u>
Overdrafts and bank guarantee facilities	106	106

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 2012</u>	<u>31 December 2011</u>
Short-term loan facilities	170	170
Overdrafts and bank guarantee facilities	10	10

As at 31 December 2012, 2011 and 1 January 2011, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>			<u>Separate financial statements</u>		
	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>1 January 2011</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>1 January 2011</u>
Amounts due from related parties						
Subsidiaries	-	-	-	116,830	114,432	62,624
Associated companies	9,601	4,457	9,108	2,613	-	-
Related companies (related by common shareholders)	<u>54,474</u>	<u>44,272</u>	<u>64,117</u>	<u>2,216</u>	<u>10,588</u>	<u>5,083</u>
Total amounts due from related parties (Note 8)	<u>64,075</u>	<u>48,729</u>	<u>73,225</u>	<u>121,659</u>	<u>125,020</u>	<u>67,707</u>
Amounts due to related parties						
Subsidiaries	-	-	-	10,439	5,850	8,899
Associated companies	58	109	-	-	-	-
Related companies (related by common shareholders)	<u>109,402</u>	<u>75,946</u>	<u>92,183</u>	<u>5,328</u>	<u>4,914</u>	<u>23,577</u>
Total amounts due to related parties (Note 21)	<u>109,460</u>	<u>76,055</u>	<u>92,183</u>	<u>15,767</u>	<u>10,764</u>	<u>32,476</u>

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

As at 31 December 2012 and 2011, the balance of loans between the Company, employees and those related companies and the movement are as follows:

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2011	Addition	Repayment	31 December 2012
Laguna Banyan Tree Limited	900,300	487,000	(402,200)	985,100
Laguna Holiday Club Limited	185,380	28,500	(159,500)	54,380
Laguna Lakes Limited	441,001	-	-	441,001
TWR-Holdings Limited	301,670	406,450	(497,700)	210,420
Laguna Grande Limited	-	30,800	(30,800)	-
Total	1,828,351	952,750	(1,090,200)	1,690,901

Long-term loans to employees

(Unit: Thousand Baht)

Employees of the companies	Consolidated financial statements			
	31 December 2011	Addition	Repayment	31 December 2012
Laguna Resorts & Hotels Public Company Limited	1,720	484	(2,041)	163
Bangtao Grande Limited	-	725	(460)	265
Laguna Grande Limited	1,099	-	(646)	453
Laguna Holiday Club Limited	-	242	(193)	49
Banyan Tree Gallery (Thailand) Limited	-	327	(160)	167
Thai Wah Plaza Limited	-	1,798	(802)	996
Total	2,819	3,576	(4,302)	2,093

(Unit: Thousand Baht)

Employees of the companies	Separate financial statements			
	31 December 2011	Addition	Repayment	31 December 2012
Laguna Resorts & Hotels Public Company Limited	1,720	484	(2,041)	163

Long-term loans to employees related to loans for property purchased under the Group's employee financing scheme and loans for flood relief. The loans for property purchased under the Group's employee financing scheme are charged with 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. The loans for flood relief are for repairing employees houses which were damaged in the 2011 Bangkok flood. These loans are interest free and repayable within 4 months to 2 years.

Long-term loans from subsidiary

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2011	Addition	Repayment	31 December 2012
Laguna Grande Limited	11,200	953,450	(295,000)	669,650
Laguna (3) Limited	-	2,000	(2,000)	-
Total	11,200	955,450	(297,000)	669,650

Directors and management's benefits

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	94,280	93,999	74,822	75,190
Post-employment benefits	1,469	1,422	782	768
Other long-term employee benefits	27	1	(1)	21
Total	95,776	95,422	75,603	75,979

Guarantee obligations with related parties

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

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Food and beverage	20,386	25,187	-	-	20,386	25,187
Finished goods and supplies	116,441	122,957	(3,404)	(3,304)	113,037	119,653
Total	136,827	148,144	(3,404)	(3,304)	133,423	144,840

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	31 December	31 December	31 December	31 December	31 December	31 December
	2012	2011	2012	2011	2012	2011
Food and beverage	21	55	-	-	21	55
Finished goods and supplies	157	169	(73)	-	84	169
Total	178	224	(73)	-	105	224

11. Property development cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
Property for sale under holiday club memberships	459,117	473,504	-	-
Completed buildings	969,408	1,006,688	233,256	269,807
Land	719,800	699,583	3,292	3,997
Leasehold land	44,041	44,041	-	-
Property under construction	286,562	499,056	8,795	2,283
	2,478,928	2,722,872	245,343	276,087
Less: Allowance for diminution in market value of property under construction	(91,418)	(91,418)	-	-
Property development cost - net	2,387,510	2,631,454	245,343	276,087

Subsidiaries have mortgaged property development cost amounting to Baht 369 million (2011: Baht 328 million) as collateral against its credit facilities received from financial institutions.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Value added tax	62,864	60,663	28,149	16,390	5,574	4,145
Prepaid expenses and withholding tax deducted at source	84,774	72,053	58,025	9,084	6,803	2,695
Advances to suppliers and staffs	27,732	60,120	45,295	2,289	3,655	9,016
Income tax and VAT refundable	16,867	3,098	8,380	3,207	-	997
Total	192,237	195,934	139,849	30,970	16,032	16,853

13. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 13.1 Installments receivable from property sales which bear interest at a rate of 7.0% - 12.0%, MLR plus 0.5%-1.0% and the group's cost of funds plus 0.5% per annum and installments are repaid over a period of 3 to 15 years.
- 13.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 7.5% to 9.0% per annum and installments are repaid over a period of 2 to 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2012	31 December 2011
Current portion of long-term trade accounts receivable	123,641	130,909
Long-term trade accounts receivable	160,078	173,032
Total	<u>283,719</u>	<u>303,941</u>
Sales of property		
Within 1 year (Note 8)	90,680	64,989
Over 1 year to 5 years	142,545	108,535
Over 5 years	5,010	19,933
Long-term trade accounts receivable - sales of property	<u>238,235</u>	<u>193,457</u>
Sales of holiday club memberships		
Within 1 year (Note 8)	32,961	65,920
Over 1 year to 5 years	12,523	44,564
Long-term trade accounts receivable - sales of holiday club memberships	<u>45,484</u>	<u>110,484</u>
Total	<u>283,719</u>	<u>303,941</u>

(Unit: Thousand Baht)

	Separate financial statements	
	31 December	31 December
	2012	2011
Current portion of long-term trade accounts receivable	25,584	14,935
Long-term trade accounts receivable	24,890	34,859
Total	50,474	49,794
Sales of property		
Within 1 year (Note 8)	25,584	14,935
Over 1 year to 5 years	22,442	30,934
Over 5 years	2,448	3,925
Long-term trade accounts receivable - sales of property	50,474	49,794

14. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries held by the Company								
Banyan Tree Gallery (Singapore) Pte Limited	SGD 0.43	SGD 0.43						
	Million	Million	51	51	4.0	4.0	19.3	-
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51	51	4.0	4.0	10.3	-
Laguna Banyan Tree Limited ⁽¹⁾	500.0	500.0	100	100	835.1	835.1	-	-
Laguna Beach Club Limited ⁽²⁾	-	-	-	-	-	-	-	17.1
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	984.8	914.4	-	417.6
Laguna Lakes Limited	1.0	1.0	95	95	0.9	0.9	-	-
Laguna Service Company Limited ⁽³⁾	90.5	90.5	72.9	72.9	22.4	22.4	-	-
Laguna (3) Limited	0.1	0.1	100	100	47.8	47.8	-	-
TWR - Holdings Limited	1,250.0	1,250.0	100	100	1,250.0	1,250.0	-	312.5

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
<u>Subsidiaries held through TWR - Holdings Limited</u>								
Laguna Excursions Limited	8.0	8.0	49	49	-	-	-	-
Laguna Village Limited	6.0	6.0	100	100	-	-	-	-
Mae Chan Property Company Limited	232.3	232.3	100	100	-	-	-	-
Pal Samart Development Company Limited	28.4	28.4	100	100	-	-	-	-
Phuket Resort Development Limited	41.4	41.4	100	100	-	-	-	-
PT AVC Indonesia	USD 0.9	USD 0.7	100	100	-	-	-	-
	Million	Million						
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	-	-	-	-
<u>Subsidiaries held through Laguna Grande Limited</u>								
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	-	-	-	-
<u>Subsidiary held through Banyan Tree Gallery (Singapore) Pte Limited</u>								
Lijiang Banyan Tree Gallery Trading Company Limited	USD 75	USD 75	51	51	-	-	-	-
	Thousands	Thousands						
<u>Subsidiary held through Laguna Holiday Club Limited</u>								
Cheer Golden Limited	-	-	100	100	-	-	-	-
Total investments in subsidiaries					3,479.0	3,408.6	29.6	747.2

(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 until 10 May 2011

(3) Laguna Services Company Limited is held by the Company and 2 subsidiaries

A subsidiary has a 49% shareholding in Laguna Excursions Limited. However, the subsidiary 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.

Significant transactions regarding the investments in subsidiary companies during 2011 to 2012 are as follows:

- (a) On 10 May 2011, the Company and TWR-Holding Company Limited, a subsidiary, sold Laguna Beach Club Limited ("LBC") to Laguna Phuket Club Limited for a total consideration of Baht 724 million. The Company and its subsidiary recorded gains on the sale amounting to Baht 45 million in the consolidated income statements and Baht 34 million in the separate income statements. The net asset values of LBC and Laguna (1) Limited as at 10 May 2011 are discussed in Note 2 to the financial statements.
- (b) On 14 July 2011, the Company purchased an additional 4 ordinary shares of Laguna (3) Limited from its subsidiaries at the net book value of Baht 1 million. However, such transaction does not affect the shareholding proportion in the consolidation financial statements.
- (c) On 27 January 2012, a subsidiary in Indonesia approved an increase of the paid up capital by USD 150,000 from USD 700,000 to USD 850,000 divided into 85,000 ordinary shares with par value of USD 10 per share.

On 17 April 2012, the Minister of Law and Human right of The Republic of Indonesia accepted the paid up capital from USD 700,000 to USD 850,000 following with the registered capital of USD 2,335,000.

- (d) On 24 December 2012, the Company purchased an additional 76,667 ordinary shares of Laguna Grande Limited from its subsidiary at the net book value of Baht 70 million. However, such transaction does not affect the shareholding proportion in the consolidation financial statements.
- (e) Goodwill

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 December 2012	31 December 2011
Goodwill from purchase of shares in subsidiaries:		
Thai Wah Plaza Limited	30,376	30,376
Laguna Banyan Tree Limited	350,928	350,928
Total	<u>381,304</u>	<u>381,304</u>

15. Investments in associates

15.1 Details of associates:

(Unit: Thousand Baht)

Company' name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amounts based on equity method			
			31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011		
			(%)	(%)						
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	516,305	534,049		
Tropical Resorts Ltd.	Holding company	Hong Kong	26	26	17,673	17,673	-	-		
Less: Allowance for impairment of investment					(17,673)	(17,673)	-	-		
Total investments in associates - net							348,414	348,414	516,305	534,049

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 28 April 2011, Laguna Banyan Tree Limited purchased all ordinary shares of Tropical Resorts Ltd. owned by TWR-Holdings Limited at the net book value of Baht 62 million. However, such transaction did not affect the shareholding proportion in the consolidated financial statements.

15.2 Share of profit (loss)

During the years, the subsidiaries have recognised their share of profit (loss) from investment in associate in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of profit (loss) from investment in associate during the year	
	2012	2011
Lijiang Banyan Tree Hotel Co., Ltd.	(5,428)	174,335

15.3 Summarised financial information of associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenue for the year ended		Profit (loss) for the year ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Lijiang Banyan Tree Hotel Co., Ltd.	USD 18.4 million	USD 18.4 million	2,127	2,279	1,080	1,195	522	880	(11)
Tropical Resorts Ltd.	USD 21.0 million	USD 21.0 million	1,724	1,746	1,879	1,932	521	533	(211)	(210)

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

15.4 The subsidiaries recognised its share of losses from the investments in Tropical Resorts Ltd. until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the subsidiaries' accounts since the subsidiaries have no obligations, whether legal or constructive, to make any payments on behalf of the associates.

16. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Investment in available-for-sale security				
Universal Starch Public Company Limited	50,830	50,830	30,316	30,316
Less: Allowance for impairment of investment	(50,830)	(50,830)	(30,316)	(30,316)
Total investment in available-for-sale security - net	-	-	-	-
Investments in other companies				
Bibace Investments Ltd	188,425	188,425	-	-
Banyan Tree Indochina Hospitality Fund, L.P.	355,908	130,525	-	-
Total investments in other companies	544,333	318,950	-	-
Total other long-term investments - net	544,333	318,950	-	-

On 28 April 2011, the Company purchased an additional 4,825,406 ordinary shares of Universal Starch Public Company Limited from TWR-Holdings Limited, a subsidiary at the net book value of Baht 6 million. The shareholding proportion of the Company in Universal Starch Public Company Limited is 16.27% of its issued and paid-up ordinary shares. However, such transaction did not affect the shareholding proportion in the consolidated financial statements.

17. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	Land awaiting for development / sales	Units in office building and shops for rent	Total	Land awaiting for development / sales	Units in office building and shops for rent	Total
Balance at beginning of year	159,300	641,040	800,340	159,300	618,340	777,640
Transfer from property, plant and equipment	195,000	-	195,000	-	-	-
Net gain from a fair value adjustment	-	81,204	81,204	-	22,700	22,700
Balance at end of year	354,300	722,244	1,076,544	159,300	641,040	800,340

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	Land awaiting for development / sales	Units in office building and shops for rent	Total	Land awaiting for development / sales	Units in office building and shops for rent	Total
Balance at beginning of year	62,538	19,040	81,578	62,538	20,145	82,683
Transfer from property, plant and equipment	76,133	-	76,133	-	-	-
Net gain(loss) from a fair value adjustment	-	12,204	12,204	-	(1,105)	(1,105)
Balance at end of year	138,671	31,244	169,915	62,538	19,040	81,578

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

- Land awaiting development / sales was revalued using the Fair Market Approach.
- Units in office building and shops for rent were revalued using the Income Value Approach, changed from using the Depreciated Replacement Cost and Residual Value Approach in 2011 since the management believed that this would be more appropriate under the current financial and economic conditions. This change has resulted in an increase of Baht 27 million in profit for the year 2012 in the consolidated income statements (Separate financial statements: Baht 12 million).

The main assumptions used in the valuation are yield rate, long-term vacancy rate and long-term growth in real rental rates.

In 2012, the Company and its subsidiaries transferred land to investment properties amounting to Baht 195 million because the management plans to develop investment properties.

At 31 December 2012, the subsidiaries have pledged investment properties amounting to approximately Baht 691 million as collateral against credit facilities received from financial institutions.

18. Property, plant and equipment

Consolidated financial statements

Assets carried at cost

(Unit: Thousand 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
At cost												
As at 1 January 2011	2,048,715	4,696,319	3,594,636	227,159	10,566,829	200,338	284,069	38,633	508,424	187,986	77,440	11,863,719
Additions	-	75,941	79,089	26,221	181,231	942	75	450	11,506	8,873	418,203	621,280
Disposal of Laguna Beach Resort	(519,791)	(617,947)	(404,984)	(66,354)	(1,609,076)	-	-	-	-	(1,452)	(110)	(1,610,638)
Disposals and write off	(1,240)	-	(35,698)	(5,309)	(42,245)	(618)	-	-	(7,213)	(3,810)	(1,905)	(55,791)
Transfers in/out	-	2,995	14,782	1,745	19,522	39	-	445	993	5,368	(26,367)	-
Adjustments	-	63	68	230	361	-	-	-	1,529	(34)	(561)	1,295
As at 31 December 2011	1,527,684	4,157,371	3,247,875	183,692	9,116,622	200,701	284,144	39,528	515,239	196,931	468,700	10,819,865
Additions	-	8,168	23,104	21,144	52,416	1,148	792	4,240	14,757	13,416	277,055	363,824
Disposals and write off	-	-	(7,304)	(658)	(7,962)	(2,156)	-	(406)	(13,773)	(8,779)	(202)	(33,278)
Transfers in/out	17,875	409,344	171,667	39,411	638,297	-	13,300	7,159	4,142	3,122	(666,020)	-
Transfer to property development cost	(403)	(73,709)	(13,917)	-	(88,029)	-	-	-	-	-	(6,512)	(94,541)
Transfer to investment properties	(10,028)	-	-	-	(10,028)	-	-	-	-	-	-	(10,028)
Adjustments	-	20	(13,104)	12,731	(353)	-	-	-	1,005	36	(48)	640
As at 31 December 2012	1,535,128	4,501,194	3,408,321	256,320	9,700,963	199,693	298,236	50,521	521,370	204,726	70,973	11,046,482
Accumulated depreciation												
As at 1 January 2011	(284)	(1,236,271)	(2,909,401)	(150,011)	(4,285,967)	(54,744)	(283,871)	(12,093)	(386,892)	(141,283)	-	(5,174,850)
Depreciation charged												
for the year	(85)	(89,414)	(141,048)	(22,094)	(252,641)	(5,545)	(133)	(2,515)	(34,303)	(22,640)	-	(317,777)
Disposal of Laguna Beach Resort	-	219,292	352,656	54,260	626,208	-	-	-	-	1,131	-	627,339
Disposals and write off	-	-	33,175	5,007	38,182	168	-	-	6,482	3,420	-	48,252
Adjustments	-	-	(14)	(36)	(50)	(51)	-	-	(678)	-	-	(779)
As at 31 December 2011	(369)	(1,106,393)	(2,664,632)	(112,874)	(3,884,268)	(60,172)	(284,004)	(14,608)	(415,391)	(159,372)	-	(4,817,815)
Depreciation charged for the year	(65)	(94,026)	(101,165)	(32,823)	(228,079)	(5,333)	(1,210)	(2,943)	(29,193)	(19,224)	-	(285,982)
Disposals and write-off	-	-	7,039	548	7,587	760	-	202	13,451	8,752	-	30,752
Transfer to property development cost	-	8,728	13,917	-	22,645	-	-	-	-	-	-	22,645
Adjustments	-	-	2,042	(1,521)	521	(26)	-	-	(531)	(100)	-	(136)
As at 31 December 2012	(434)	(1,191,691)	(2,742,799)	(146,670)	(4,081,594)	(64,771)	(285,214)	(17,349)	(431,664)	(169,944)	-	(5,050,536)

Consolidated financial statements (continued)

Assets carried at cost

(Unit: Thousand 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
Allowance for impairment loss												
As at 1 January 2011	-	-	-	-	-	(12,309)	-	(5,193)	(102)	-	-	(17,604)
As at 31 December 2011	-	-	-	-	-	(12,309)	-	(5,193)	(102)	-	-	(17,604)
As at 31 December 2012	-	-	-	-	-	(12,309)	-	(5,193)	(102)	-	-	(17,604)
Net book value - At cost												
As at 1 January 2011	2,048,431	3,460,048	685,235	77,148	6,270,862	133,285	198	21,347	121,430	46,703	77,440	6,671,265
As at 31 December 2011	1,527,315	3,050,978	583,243	70,818	5,232,354	128,220	140	19,727	99,746	37,559	468,700	5,984,446
As at 31 December 2012	1,534,894	3,209,503	665,522	109,650	5,619,369	122,613	13,022	27,979	89,604	34,782	70,973	5,978,342

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand 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
Revaluation portion												
As at 1 January 2011	7,359,985	145,003	-	-	7,504,988	4,295	-	-	-	-	-	7,509,283
Reversal of revaluation surplus for disposal of Laguna Beach Resort	(330,175)	(68,816)	-	-	(398,991)	-	-	-	-	-	-	(398,991)
As at 31 December 2011	7,029,810	76,187	-	-	7,105,997	4,295	-	-	-	-	-	7,110,292
Additions	21,000	-	-	-	21,000	-	-	-	-	-	-	21,000
Transfer to property development cost	(21,396)	-	-	-	(21,396)	-	-	-	-	-	-	(21,396)
Transfer to investment properties	(184,972)	-	-	-	(184,972)	-	-	-	-	-	-	(184,972)
Reversal revaluation surplus on land	(9,479)	-	-	-	(9,479)	-	-	-	-	-	-	(9,479)
As at 31 December 2012	6,834,963	76,187	-	-	6,911,150	4,295	-	-	-	-	-	6,915,445
Accumulated depreciation												
As at 1 January 2011	-	(104,074)	-	-	(104,074)	(1,575)	-	-	-	-	-	(105,649)
Depreciation of revaluation surplus on assets	-	(5,361)	-	-	(5,361)	(89)	-	-	-	-	-	(5,450)
Reversal of revaluation surplus for disposal of Laguna Beach Resort	-	44,593	-	-	44,593	-	-	-	-	-	-	44,593
Adjustment	-	(1,649)	-	-	(1,649)	-	-	-	-	-	-	(1,649)
As at 31 December 2011	-	(66,491)	-	-	(66,491)	(1,664)	-	-	-	-	-	(68,155)
Depreciation of revaluation surplus on assets	-	(6,138)	-	-	(6,138)	(89)	-	-	-	-	-	(6,227)
As at 31 December 2012	-	(72,629)	-	-	(72,629)	(1,753)	-	-	-	-	-	(74,382)
Net book value - revaluation portion												
As at 1 January 2011	7,359,985	40,929	-	-	7,400,914	2,720	-	-	-	-	-	7,403,634
As at 31 December 2011	7,029,810	9,696	-	-	7,039,506	2,631	-	-	-	-	-	7,042,137
As at 31 December 2012	6,834,963	3,558	-	-	6,838,521	2,542	-	-	-	-	-	6,841,063

Consolidated financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand 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
Property, plant and equipment - net												
As at 1 January 2011	9,408,418	3,500,977	685,235	77,148	13,671,776	136,005	198	21,347	121,430	46,703	77,440	14,074,899
As at 31 December 2011	8,557,125	3,060,674	583,243	70,818	12,271,860	130,851	140	19,727	99,746	37,559	466,700	13,026,583
As at 31 December 2012	8,369,657	3,313,061	665,522	109,650	12,457,890	125,155	13,022	27,979	89,604	34,782	70,973	12,819,405
Depreciation for the year												
2011												317,777
2012												285,982

Separate financial statements

Assets carried at cost

(Unit: Thousand 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
At cost										
As at 1 January 2011	21,416	-	2,147	624	24,187	72,207	67,366	7,640	9,878	181,278
Additions	-	-	-	-	-	407	2,151	-	977	3,535
Disposal and write off	(1,240)	-	-	-	(1,240)	(591)	(762)	-	-	(2,593)
Adjustments	-	-	-	-	-	-	-	-	(561)	(561)
As at 31 December 2011	20,176	-	2,147	624	22,947	72,023	68,755	7,640	10,294	181,659
Additions	-	-	-	-	-	132	1,554	-	137	1,823
Transfer to property development cost	-	-	-	-	-	-	-	-	(6,512)	(6,512)
Transfer to investment properties	(8,617)	-	-	-	(8,617)	-	-	-	-	(8,617)
Disposal and write off	-	-	-	-	-	(2,156)	(5,138)	-	(202)	(7,496)
As at 31 December 2012	11,559	-	2,147	624	14,330	69,999	65,171	7,640	3,717	160,857
Accumulated depreciation										
As at 1 January 2011	-	-	(903)	(301)	(1,204)	(27,559)	(48,943)	(5,684)	-	(83,390)
Depreciation charged for the year	-	-	(429)	(123)	(552)	(2,404)	(5,246)	(839)	-	(9,041)
Disposal and write off	-	-	-	-	-	160	629	-	-	789
As at 31 December 2011	-	-	(1,332)	(424)	(1,756)	(29,803)	(53,560)	(6,523)	-	(91,642)
Depreciation charged for the year	-	-	(429)	(90)	(519)	(2,295)	(4,510)	(762)	-	(8,086)
Disposal and write off	-	-	-	-	-	760	5,393	-	-	6,153
As at 31 December 2012	-	-	(1,761)	(514)	(2,275)	(31,338)	(52,677)	(7,285)	-	(93,575)

Separate financial statements (continued)

Assets carried at cost

(Unit: Thousand 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
Allowance for impairment loss										
As at 1 January 2011	-	-	-	-	-	(7,356)	-	-	-	(7,356)
As at 31 December 2011	-	-	-	-	-	(7,356)	-	-	-	(7,356)
As at 31 December 2012	-	-	-	-	-	(7,356)	-	-	-	(7,356)
Net book value - At cost										
As at 1 January 2011	21,416	-	1,244	323	22,983	37,292	18,423	1,956	9,878	90,532
As at 31 December 2011	20,176	-	815	200	21,191	34,864	15,195	1,117	10,294	82,661
As at 31 December 2012	11,559	-	386	110	12,055	31,305	12,494	355	3,717	59,926

Separate financial statements (continued)

Assets carried at revalued amount

(Unit: Thousand 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
Revaluation portion										
As at 1 January 2011	173,783	-	-	-	173,783	-	-	-	-	173,783
As at 31 December 2011	173,783	-	-	-	173,783	-	-	-	-	173,783
Additions	8,199	-	-	-	8,199	-	-	-	-	8,199
Transfer to investment properties	(67,516)	-	-	-	(67,516)	-	-	-	-	(67,516)
As at 31 December 2012	114,466	-	-	-	114,466	-	-	-	-	114,466
Accumulated depreciation										
As at 1 January 2011	-	-	-	-	-	-	-	-	-	-
As at 31 December 2011	-	-	-	-	-	-	-	-	-	-
As at 31 December 2012	-	-	-	-	-	-	-	-	-	-
Net book value - revaluation portion										
As at 1 January 2011	173,783	-	-	-	173,783	-	-	-	-	173,783
As at 31 December 2011	173,783	-	-	-	173,783	-	-	-	-	173,783
As at 31 December 2012	114,466	-	-	-	114,466	-	-	-	-	114,466
Property, plant and equipment - net										
As at 1 January 2011	195,199	-	1,244	323	196,766	37,292	18,423	1,956	9,878	264,315
As at 31 December 2011	193,959	-	815	200	194,974	34,864	15,195	1,117	10,294	256,444
As at 31 December 2012	126,025	-	386	110	126,521	31,305	12,494	355	3,717	174,392
Depreciation for the year										
2011										9,041
2012										8,086

The Company and subsidiaries arranged for an independent professional valuer to re-appraise the value of certain assets in the report dated 30 November 2010 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the Fair Market Approach.
- Hotel buildings and other buildings were revalued using the Depreciated Replacement Cost Approach.

In April 2011, the Federation of Accounting Professions issued Notification No. 18/2554 allowing entities to use the exemption of accounting for revalued property, plant and equipment (in accordance with the Notification No. 25/2549 regarding Accounting for the revalued assets) continuously until the reporting period beginning before 1 January 2016. It allowed the entities to still calculate depreciation to be charged to profit or loss, for the assets which previously applied the exemption, based on the historical costs of the assets instead of on the revalued amounts. The Company has decided to continue using the exemption in accordance with the notification. However, had the depreciation charge been calculated based on the revalued amounts, profit for the year and earnings per share would have been changed to the following:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit (loss) attributable to equity				
holders of the Company (Million Baht)	35	(230)	(43)	653
Basic earnings (loss) per share				
(Baht per share)	0.21	(1.38)	(0.26)	3.92

As at 31 December 2012, certain buildings and equipment of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation, of those assets amounted to Baht 2,458 million (2011: Baht 2,309 million). (Separate financial statements: Baht 27 million, 2011: Baht 24 million).

The subsidiaries have mortgaged land and hotel buildings at fair value of Baht 8,122 million (2011: Baht 7,873 million) as collateral against credit facilities received from financial institutions.

19. Leasehold rights

(Unit: Thousand Baht)

	<u>Hotel units</u>
Cost	
As at 31 December 2011	48,534
Exchange rate adjustment 2012	691
As at 31 December 2012	<u>49,225</u>
Accumulated amortisation	
As at 31 December 2011	(21,868)
Amortisation of 2012	(2,591)
As at 31 December 2012	<u>(24,459)</u>
Net book value	
As at 31 December 2011	<u>26,666</u>
As at 31 December 2012	<u>24,766</u>

(Unit: Thousand Baht)

	<u>Hotel units</u>
Cost	
As at 1 January 2011	47,268
Exchange rate adjustment 2011	1,266
As at 31 December 2011	<u>48,534</u>
Accumulated amortisation	
As at 1 January 2011	(19,333)
Amortisation of 2011	(2,535)
As at 31 December 2011	<u>(21,868)</u>
Net book value	
As at 1 January 2011	<u>27,935</u>
As at 31 December 2011	<u>26,666</u>

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

20. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2012	2011	2012	2011
Short-term loans from financial institutions	4.35%-5.26%	-	710,000	-	410,000
Total		-	710,000	-	410,000

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 18 to the financial statements and by the guarantee provided by subsidiaries.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Trade accounts payable	185,759	222,478	284,669	5,701	7,301	43,186
Amounts due to related parties (Note 9)	109,460	76,055	92,183	15,767	10,764	32,476
Accrued expenses	224,535	213,474	256,536	24,570	41,906	57,743
Other payables	52,986	114,528	60,439	566	58,008	2,962
Construction payables	17,584	16,534	41,882	4,481	6,866	11,492
Service charge payable to hotel staff	38,575	22,118	35,004	-	-	-
Accrued rental to villa owners	62,036	47,176	72,807	9,816	8,372	11,997
Total	690,935	712,363	843,520	60,901	133,217	159,856

22. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December	31 December	1 January	31 December	31 December	1 January
	2012	2011	2011	2012	2011	2011
Value added tax payable	47,762	47,052	55,524	1,790	4,024	1,784
Unearned income	61,580	61,349	61,919	-	-	-
Other tax payable	16,809	31,352	23,863	3,868	4,962	4,953
Short-term provision	2,906	-	-	150	-	-
Total	129,057	139,753	141,306	5,808	8,986	6,737

23. Long - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Secured	3,397,277	2,490,804	245,000	315,000
Long-term loans are repayable as follows:				
Within 1 year	422,951	356,523	70,000	70,000
Over 1 year to 5 years	2,165,547	1,540,731	175,000	245,000
Over 5 years	808,779	593,550	-	-
	2,974,326	2,134,281	175,000	245,000
Total	3,397,277	2,490,804	245,000	315,000

Long-term loans consist of the following:

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
The Company				
(1) Baht loan from a bank, with a facility of Baht 420 million repayable quarterly from July 2010 to April 2016, at an interest rate as follows: 2009 onwards : MLR less 1%, 1.5% and 1.75% per annum	245,000	315,000	245,000	315,000
Subsidiaries				
(2) 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: 2011: MLR less 0.5% per annum 2012 onwards : MLR less 1.5% per annum	146,951	298,474	-	-
(3) 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: 2011: MLR less 0.5% per annum 2012 onwards : MLR less 1.5% per annum	65,000	75,000	-	-
(4) Baht loan from a bank, with a facility of Baht 1,000 million ^(a) repayable quarterly from October 2009 to April 2019, at an interest rate as follows: 2011: MLR per annum, MLR less 0.5% and 1% per annum 2012 onwards : MLR less 0.5%, 1% and 1.5% per annum	683,800	886,800	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
(5) 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: 2011: MLR per annum, MLR less 0.5% and 1% per annum 2012 onwards : MLR less 1% and 1.5% per annum	137,500	140,500	-	-
(6) Baht loan from a bank, with a facility of Baht 219 million repayable quarterly from August 2009 to August 2012, at an interest rate as follows: 2009 onwards : MLR less 0.5%, 1% and 1.5% per annum	-	89,000	-	-
(7) Baht loan from a bank, with a facility of Baht 700 million ^(a) repayable quarterly from April 2012 to April 2016, at an interest rate as follows: 2010 onwards : MLR less 1% and 1.25% per annum	503,687	556,000	-	-
(8) Baht loan from a bank, with a facility of Baht 900 million ^(a) repayable quarterly from June 2014 to March 2024, at an interest rate as follows: 2011 onwards : MLR less 1% and 1.25% per annum	257,729	10	-	-
(9) Baht loan from a bank, with a facility of Baht 520 million repayable quarterly from June 2014 to March 2018, at an interest rate as follows: 2011 onwards : MLR less 1% and 1.6% per annum	357,610	130,010	-	-
(10) Baht loan from a bank, with a facility of Baht 800 million repayable quarterly from March 2013 to December 2022, at an interest rate as follows: 2012 onwards : MLR less 1% and 1.5% per annum	800,000	10	-	-
Total long-term loans from institutions	<u>3,397,277</u>	<u>2,490,804</u>	<u>245,000</u>	<u>315,000</u>

MLR: Minimum Lending Rate

(a) Also subject to mandatory prepayment in inverse order of maturity upon the ownership transfer of property sales units.

The loans are secured by mortgage of plots of land and all hotel buildings of its subsidiaries, as described in Note 18 to the financial statements. The loan in (9) above is guaranteed by a subsidiary.

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 2012, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 855 million (2011: Baht 2,090 million).

24. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other employee benefits plan, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	Severance payments	Other benefits plans	Total	Severance payments	Other benefits plans	Total
Defined benefit obligation at beginning of year	72,200	48,657	120,857	66,187	28,481	94,668
Current service cost	7,285	7,272	14,557	10,192	3,037	13,229
Interest cost	3,510	2,371	5,881	3,073	1,215	4,288
Benefits paid during the year	(11,453)	(7,779)	(19,232)	(6,421)	(3,965)	(10,386)
Actuarial (gain) loss	(46,065)	(28,827)	(74,892)	(831)	19,889	19,058
Past service costs	-	6,291	6,291	-	-	-
Defined benefit obligation at end of year	25,477	27,985	53,462	72,200	48,657	120,857

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	Severance payments	Other benefits plans	Total	Severance payments	Other benefits plans	Total
Defined benefit obligation at beginning of year	25,208	8,389	33,597	22,334	5,403	27,737
Current service cost	1,908	509	2,417	1,868	477	2,345
Interest cost	920	166	1,086	1,006	191	1,197
Benefits paid during the year	(10,250)	(893)	(11,143)	-	(955)	(955)
Actuarial (gain) loss	(11,594)	(4,479)	(16,073)	-	3,273	3,273
Defined benefit obligation at end of year	6,192	3,692	9,884	25,208	8,389	33,597

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	14,557	13,229	2,417	2,345
Interest cost	5,881	4,288	1,086	1,197
Actuarial (gain) loss recognised during the year	(28,827)	19,889	(4,479)	3,273
Past service costs recognised during the year	6,291	-	-	-
Total expense recognised in profit or loss	(2,098)	37,406	(976)	6,815
Line items under which such expenses are included in profit or loss				
Cost of sales	1,150	29,587	(388)	297
Selling and administrative expenses	(3,248)	7,819	(588)	6,518

Total actuarial gains and losses recognised in the other comprehensive income of the Company and its subsidiaries as at 31 December 2012 amounted to Baht 46 million (2011: Baht 0.8 million) (Separate financial statements: Baht 12 million and 2011: None).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.75%	4.0%	3.75%	4.0%
Future salary increase rate (depending on age)	3.0%	3.0%	3.0%	3.0%
Staff turnover rate	10.4% - 30.4%	2.6% - 29.4%	10.4% - 30.4%	2.6% - 29.4%

Amounts of defined benefit obligation for the current and previous two periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2012	53,462	9,884	6,291	-
Year 2011	120,857	33,597	-	-
Year 2010	94,668	27,737	-	-

25. Capital reserve

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

26. Revaluation surplus

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Balance - beginning of the year	6,246,415	6,783,031	173,783	173,783
Addition of revaluation surplus on assets	21,000	-	8,199	-
Less: Amortisation of revaluation surplus on assets	(6,208)	(6,647)	-	-
Reversal of revaluation surplus for assets transferred to investment properties	-	(170,266)	-	-
Reversal of revaluation surplus for sales of investment in subsidiaries	-	(359,703)	-	-
Reversal of revaluation surplus on disposal of assets	(9,478)	-	-	-
Balance - end of year	<u>6,251,729</u>	<u>6,246,415</u>	<u>181,982</u>	<u>173,783</u>

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

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit 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.

28 Other income

Other income is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Interest income	34,019	42,889	120,328	139,754
Dividend income	-	-	29,554	747,198
Gain on change in fair value of investment properties	81,204	23,804	12,204	-
Gain on sale of investment	-	45,207	-	34,490
Other	34,264	25,548	6,104	20,768
Total	149,487	137,448	168,190	942,210

29. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Salaries, wages and other employee benefits	1,118,558	1,151,960	137,616	173,144
Depreciation	285,982	317,777	8,086	9,041
Rental expenses from operating lease agreements	223,302	206,421	35,321	52,522
Repairs and maintenance	152,024	145,854	2,826	2,408
Water and electricity	207,655	179,171	5,132	4,579
Legal and professional fees	38,481	44,227	-	44
Management, incentive fee and royalty fees	150,623	117,073	-	-
Commission	100,137	66,500	1,046	4,021
Sales and marketing expenses	215,117	220,701	7,247	9,900
Food and beverage cost	296,716	250,232	-	-
Payment of construction during the year	80,466	84,275	895	1,042
Change in property development cost	243,944	140,851	30,745	52,581

30. Income tax

Income tax expenses for the year 2012 and 2011 of the Company and its subsidiaries have been calculated at the rates of 23% and 30%, respectively, on net profit before income tax after adding back certain provision and expenses which are not deductible for tax computation purposes.

31. Basic earnings per share

Basic earnings per share is calculated by dividing the profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

32. Provident fund

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

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

(Unit: Million Baht)

	Fund Manager		Company's contribution in	
	Hotel staff	Office staff	2012	2011
Laguna Resorts & Hotels Public Company Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	4.2	5.1
Laguna Grande Limited	MFC Asset Management Plc.	MFC Asset Management Plc.	1.3	1.5
Bangtao Grande Limited Company Limited	SCB Asset Management	-	2.7	2.3
Laguna Beach Club Limited	Bangkok Bank Plc.	Bangkok Bank Plc.	-	0.8
Laguna Banyan Tree Limited	MFC Asset Management Plc.	MFC Asset management Plc.	5.6	4.8
Banyan Tree Gallery (Singapore) Pte Ltd	-	Central Provident Fund Board	1.3	2.6
Laguna Service Company Limited	-	MFC Asset Management Plc.	2.8	2.5
Laguna Holiday Club Limited	-	MFC Asset Management Plc.	1.7	1.2
Thai Wah Plaza Limited Company Limited	TISCO Assets Management	MFC Asset Management Plc.	3.8	3.7

33. Dividends

Dividends declared in 2011 consisted of:

	Approved by	Total dividend	Dividend per share
		Million Baht	Baht
Dividend on 2010 retained earnings	Annual General Meeting of the shareholders on 27 April 2011	1,666.83	10.00

34. Commitments

Capital commitment

As at 31 December 2012, the Company and its subsidiaries have capital commitments as follows:

- (a) A subsidiary has commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 9 million (2011: Baht 2 million).
- (b) The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to approximately Baht 2 million (2011: Baht 11 million).
- (c) 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. The subsidiary paid the deposit of Baht 65 million and 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 2012 and 2011, the subsidiaries have operating agreements as follows:

(a) The subsidiaries have entered into operating agreements with certain companies whereby these companies are to operate the subsidiaries' hotels and golf businesses. In consideration of such services, the subsidiaries are committed to pay remuneration at the rates, terms and basis specified in the agreements.

These agreements are summarised as follows:

Company	Business unit	Operator	Contract period	Fees
Banglao Grande Limited	Angsana Laguna Phuket	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited	1.07.2011 - 30.06.2012	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.07.2012 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.07.2011 - 30.06.2012	- Management fee: 10% of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.07.2012 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Grande Limited	Laguna Phuket Golf Club	Banyan Tree Resorts & Spas (Thailand) Company Limited	1.01.2009 - 30.06.2012	- Basic technical fee : 3% of total revenue - Incentive fee : 10% of gross operating profit
		Banyan Tree Hotels & Resorts Pte. Limited	1.07.2012 - 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 Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited	1.01.2009 - 30.06.2012	- Royalty fee : 2% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.07.2012 - 31.12.2015 (a)	- Royalty fee : 2% of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.01.2009 - 30.06.2012	- Technical fee : 7.5% of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.07.2012 - 31.12.2015 (a)	- Technical fee : 7.5% of gross operating profit
Thai Weh Plaza Limited	Banyan Tree Bangkok	Banyan Tree Corporate Pte. Limited (Formerly known as Banyan Tree Hotels & Resorts Pte. Limited	1.01.2009 - 30.06.2012	- Royalty fee: 3% of total revenue
		Banyan Tree Hotels & Resorts Pte. Limited	1.07.2012 - 31.12.2021 (b)	- Royalty fee: 3% of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.01.2009 - 30.06.2012	- Management fee: 10% of gross operating profit
		Banyan Tree Hotels & Resorts (Thailand) Limited	1.07.2012 - 31.12.2021 (b)	- Management fee: 10% of gross operating profit

Company	Business unit	Operator	Contract period	Fees
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.05.2009 - 31.12.2019- (c)	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 remain 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 20 years.
(c) Operator has option to extend for 2 additional periods of 10 years.

(b) The Company and its subsidiaries have commitments in respect of cash rewards options for villa rental scheme agreements. The terms of the agreements are generally 6 years.

As at 31 December 2012 and 2011, future minimum payments required under these agreements were as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Payable within:				
In up to 1 year	135	171	28	46
In over 1 and up to 5 years	228	325	22	77
In over 5 years	5	4	-	-

During the year 2012, the Company and its subsidiaries recognised rental expenses of Baht 156 million (Separate financial statements: Baht 28 million, 2011: Baht 179 million, Separate financial statements: Baht 46 million).

Investment commitment

A subsidiary entered into the Limited Partnership Agreement in respect of Banyan Tree Indochina Hospitality Fund, L.P. ("the Fund"), an exempted limited partnership formed under the laws of the Cayman Islands. The fund is managed by Banyan Tree Indochina (GP) Company Limited and focuses mainly on hotel and resort investments in Vietnam, Cambodia and Laos. Based on the fund size of USD 283 million at closing date on 30 June 2009, the capital commitment of USD 16 million would be approximately 5.65% of the fund. The injection of funds is expected to be over in 2013. As at 31 December 2012 and 2011, the subsidiary has made capital contribution of USD 11 million and USD 4 million, respectively, to the Fund.

Servitude over land

As at 31 December 2012, some subsidiaries have land servitudes of approximately 7 rai in Phuket province, which are presented under property development cost and property, plant and equipment.

35. Guarantees

- a) As at 31 December 2012, there were bank guarantees amounting to Baht 46 million (Separate financial statements: Baht 2 million) issued to various parties on behalf of the Company and its subsidiaries, mainly provided for the usage of electricity, other utilities and telecommunication channels (2011: Baht 45 million, Separate financial statements: Baht 2 million).
- b) As at 31 December 2012 and 2011, the Company has 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 is to secure the loan of LBTH in proportion to the equity interest of 49.04 % of the Company in LBTH (through Laguna Banyan Tree Limited).

36. 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 2012

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	2,702	240	223	3,165	92	893	-	4,150
Intersegment revenues	179	54	(1)	232	31	9	(272)	-
Total revenues	2,881	294	222	3,397	123	902	(272)	4,150
Segment profit	1,406	33	181	1,620	53	465	-	2,138
Other income								150
Unallocated expenses:								
Selling expenses								(399)
Administrative expenses								(1,609)
Share of loss from investments in associate								(5)
Finance cost								(180)
Income tax expenses								(36)
Profit for the year								59

(Unit: Million Baht)

For the year ended 31 December 2011

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	2,297	289	213	2,799	85	577	-	3,461
Intersegment revenues	165	53	-	218	20	8	(246)	-
Total revenues	<u>2,462</u>	<u>342</u>	<u>213</u>	<u>3,017</u>	<u>105</u>	<u>585</u>	<u>(246)</u>	<u>3,461</u>
Segment profit	1,110	309	(114)	1,305	53	352	-	1,710
Other income								137
Unallocated expenses:								
Selling expenses								(341)
Administrative expenses								(1,631)
Share of profit from Investments in associate								174
Finance cost								(132)
Income tax expenses								(102)
Loss for the year								<u>(185)</u>

(Unit: Million Baht)

As at 31 December 2012

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Property, plant and equipment	11,568	15	1,215	12,798	2	19	-	12,819
Total assets	<u>13,991</u>	<u>262</u>	<u>1,297</u>	<u>15,550</u>	<u>968</u>	<u>2,887</u>	<u>-</u>	<u>19,405</u>

(Unit: Million Baht)

As at 31 December 2011

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Property, plant and equipment	11,747	15	1,246	13,008	1	18	-	13,027
Total assets	<u>13,841</u>	<u>317</u>	<u>1,344</u>	<u>15,502</u>	<u>637</u>	<u>3,125</u>	<u>-</u>	<u>19,264</u>

Transfer prices between business segments are as set out in Note 9 to the financial statements.

37. Financial instruments

37.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables and payables, loans, investments, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits with financial institutions, long-term trade accounts receivable and bank overdrafts and loans. However, since most of the Company and its subsidiaries' financial assets and liabilities have floating interest rates or fixed interest rates which are close to the market interest rates, the 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 23 to the financial statements).

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

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2012						
	Fixed interest rates		Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
	Within 1 year	Over 1 year to 5 years				
Financial assets						
Cash equivalents (excluding cash)	-	-	572	-	572	0.625%-0.75%
Trade and other accounts receivable	86	-	38	399	523	4.78%-12%
Fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	61	99	-	160	4.78%-12%
Long-term loans to employees	-	-	2	-	2	5.92%
Financial liabilities						
Trade and other accounts payable	-	-	-	691	691	-
Long-term loans from financial institutions	-	-	3,397	-	3,397	5.50%-5.75%

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2012						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash equivalents (excluding cash)	-	-	53	-	53	0.625%-0.75%
Trade and other accounts receivable	5	-	20	158	183	4.78%-12%
Fixed deposit	-	2	-	-	2	3%
Long-term trade accounts receivable	-	6	19	-	25	4.78%-12%
Long-term loans to subsidiaries	-	-	1,691	-	1,691	7.46%
<u>Financial liabilities</u>						
Trade and other accounts payable	-	-	-	61	61	-
Long-term loans from subsidiaries	-	-	670	-	670	6.68%
Long-term loans from financial institutions	-	-	245	-	245	5.50%

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2011						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash equivalents (excluding cash)	1	-	478	-	479	0.75%-2.35%
Trade and other accounts receivable	102	-	29	348	479	4.78%-12%
Long-term trade accounts receivable	-	70	103	-	173	4.78%-12%
Long-term loans to employees	-	-	3	-	3	6.08%
<u>Financial liabilities</u>						
Short-term loans from financial institutions	710	-	-	-	710	4.55%-5.24%
Trade and other accounts payable	-	-	-	712	712	-
Long-term loans from financial institutions	-	-	2,491	-	2,491	5.75%-6.25%

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2011						
Fixed interest rates						
	Within 1 year	Over 1 year to 5 years	Floating interest rate	Non-Interest bearing	Total	Interest rate (% per annum)
<u>Financial assets</u>						
Cash equivalents (excluding cash)	-	-	26	-	26	0.75%-2.35%
Trade and other accounts receivable	7	-	8	172	187	4.78%-12%
Long-term trade accounts receivable	-	8	27	-	35	4.78%-12%
Long-term loans to subsidiaries	-	-	1,828	-	1,828	6.24%
Long-term loans to employees	-	-	2	-	2	6.08%
<u>Financial liabilities</u>						
Short-term loans from financial institutions	410	-	-	-	410	4.35%-5.24%
Trade and other accounts payable	-	-	-	133	133	-
Long-term loans from subsidiaries	-	-	11	-	11	5.36%
Long-term loans from financial institutions	-	-	315	-	315	5.75%

Foreign currency risk

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

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

Foreign currency	Consolidated financial statements				Separate financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities as at		Financial assets		Financial liabilities as at			
	as at		31 December		as at		31 December		31 December	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)
US Dollar	3	1	-	-	1	-	-	-	30.5824	31.6422

37.2 Fair value of financial instruments

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

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

38. Capital management

The primary objective 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 statement of financial position as at 31 December 2012, the Group's debt-to-equity ratio was 0.32:1 (2011: 0.32:1) and the Company's was 0.20:1 (2011: 0.21:1).

39. Litigation

- a) 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 annum and the costs of the legal proceedings.

On 22 December 2011, the plaintiffs filed a petition for withdrawal of this case from the Company and other defendants.

On 31 May 2012, the Court granted the petition for withdrawal. This case is deemed as final.

- b) A case was brought to the Phuket Provincial Court on 8 October 2009, in which 4 of LRH's affiliated companies and 10 individual directors are the defendants. The plaintiffs referred in the plaint that they purchased units in Allamanda 1 Condominium during 1991 to 1995. The plaintiffs claim the Sale and Purchase Agreement called for common area of approximately 20 Rai. On registration of Allamanda 1 Condominium, Allamanda 1 Condominium was registered with only 9 Rai 2 Ngan 9 Square Wah. As result, the plaintiffs claim 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 nine plots of the land totaling 10 rais 3 ngans 97.1 square wah which has net book value as at 31 December 2012 amounting to Baht 111 million 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, totaling ten, 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.

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

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

40. Event after the reporting period

At the Board of Directors' meeting of the Company held on 22 February 2013, the Board of Directors agreed to propose in the 2013 Annual General Meeting to appropriate the retained earnings as dividend payment to shareholders in the amount of Baht 0.125 per share, totaling Baht 20.84 million. Such dividend payment is subjected to final approval at the 2013 Annual General Meeting.

41. Reclassification

Certain amounts in the statements of financial position as at 31 December 2011 and 1 January 2011 and the income statement for the year ended 31 December 2011, have been reclassified to conform to the current year's classification but with no effect to previously reported profit (loss) or shareholders' equity. The reclassifications are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 December 2011			
	As reclassified	As previously reported	As reclassified	As previously reported
Statement of financial position				
Trade and other receivables	479,337	493,826	187,414	66,048
Amounts due from related parties	-	48,729	-	125,020
Other current assets	195,934	132,716	16,032	12,378
Trade and other payables	712,363	1,045,401	133,217	270,211
Amounts due to related parties	-	76,055	-	10,764
Advance received from customers	377,740	-	142,796	-
Other current liabilities	139,753	108,400	8,986	4,023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 1 January 2011			
	As reclassified	As brought forward	As reclassified	As brought forward
Statement of financial position				
Trade and other receivables	641,629	622,079	116,386	58,692
Amounts due from related parties	-	73,225	-	67,707
Other current assets	139,849	86,174	16,853	6,840
Trade and other payables	843,520	1,193,654	159,856	207,136
Amounts due to related parties	-	92,183	-	32,476
Advance received from customers	418,454	-	74,803	-
Other current liabilities	141,306	117,443	6,737	1,784

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December 2011			
	As reclassified	As previously reported	As reclassified	As previously reported
Income statements				
Revenue from hotel operations	2,798,296	2,828,313	30,267	60,285
Revenue from office rental operations	85,527	55,510	30,018	-
Cost of hotel operations	1,493,319	1,204,396	13,636	20,024
Cost of office rental operations	32,529	29,423	6,388	-
Administrative expenses	1,631,155	1,605,406	301,567	292,526
Depreciation	-	317,777	-	9,041

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2013.