

Laguna Resorts & Hotels Public Company Limited and its subsidiaries

Notes to interim financial statements

For the nine-month periods ended 30 September 2012 and 2011

1. General information

1.1 Corporate information

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

The Company and its subsidiaries are principally engaged in the hotel business and property development. There are 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), sale of merchandise (Banyan Tree Gallery), office and resort rental and sale of holiday club memberships.

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Laguna Resorts & Hotels Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2011. There have been no changes in the composition of the subsidiaries during the current period.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

1.5 New accounting standard issued during the period and not yet effective

During the current period, the Federation of Accounting Professions issued the financial reporting standard TFRS 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements for the year when it is initially applied.

1.6 Prior period adjustment of the income statement

During the period ended 30 September 2011, the Company and its subsidiary recognised the capital reserve and revaluation surplus on revalued assets from the sale of investment, amounting to Baht 426 million, through the consolidated income statements. This period the Company and its subsidiary have restated these entries to recognise them directly through retained earnings in accordance with the new accounting standard No. 16 (revised 2009) Property, Plant and Equipment on the disposal of revalued assets. This transaction has no effect to the consolidated and separate statements of financial position as at 31 December 2011, the consolidated income statements for the three-month period ended 30 September 2011 and the separate income statements for the three-month and nine-month periods ended 30 September 2011. The amounts of adjustments affecting the consolidated income statements for the nine-month period ended 30 September 2011 is summarised below.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated
financial statements
For the nine-month
period ended
30 September 2011

Income statements

Decrease in gain from the sale of investments	426,271
Decrease in profit attributable to equity holders of the Company	426,271
Decrease in basic earnings per share (Baht)	2.56

2. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Cash	4,379	5,487	192	191
Bank deposits	373,879	473,510	29,472	25,962
Total	378,258	478,997	29,664	26,153

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<u>Trade accounts receivable</u>				
Trade accounts receivable - hotel operations	183,581	216,974	1,376	2,720
Less: Allowance for doubtful accounts	(7,956)	(6,566)	(158)	(103)
Trade accounts receivable - hotel operations, net	175,625	210,408	1,218	2,617
Trade accounts receivable - sales of property	46,809	9,875	-	4,551
Current portion of long-term trade accounts receivable (Note 6)	69,000	64,989	11,945	14,935
Total	115,809	74,864	11,945	19,486
Less: Allowance for doubtful accounts	-	(3,433)	-	(180)
Trade accounts receivable - sales of property, net	115,809	71,431	11,945	19,306

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Trade accounts receivable - sales of holiday club memberships	23,633	19,275	-	-
Current portion of long-term trade accounts receivable (Note 6)	60,764	65,920	-	-
Total	84,397	85,195	-	-
Less: Allowance for doubtful accounts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club memberships, net	81,797	82,595	-	-
Trade accounts receivable - net	373,231	364,434	13,163	21,923
<u>Other receivables</u>				
Amounts due from related parties (Note 4)	78,275	48,729	116,948	125,020
Other receivables	18,293	26,803	3,841	3,296
Insurance claim receivable	224	224	-	-
Accrued other income	846	4,750	368	2,961
Interest receivable	292	403	280	221
Accrued rental	15,497	33,994	15,497	33,994
Total other receivables	113,427	114,903	136,934	165,492
Trade and other receivables, net	486,658	479,337	150,097	187,415

The balances of trade accounts receivable - hotel operations, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<u>Age of receivables</u>				
Not yet due	67,928	110,064	308	1,060
Past due				
Up to 30 days	57,103	48,742	596	1,177
31 - 60 days	19,113	6,624	198	306
61 - 90 days	11,167	16,256	-	3
91 - 120 days	6,303	10,743	116	71
Over 120 days	21,967	24,545	158	103
Total	183,581	216,974	1,376	2,720
Less: Allowance for doubtful debts	(7,956)	(6,566)	(158)	(103)
Trade accounts receivable - hotel operations, net	175,625	210,408	1,218	2,617

(Unaudited but reviewed)

The balances of trade accounts receivable - sales of property operations, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<u>Age of receivables</u>				
Not yet due	46,809	-	-	-
Past due				
Up to 30 days	-	5,370	-	4,371
31 - 60 days	-	543	-	-
61 - 90 days	-	312	-	-
91 - 120 days	-	217	-	-
Over 120 days	-	3,433	-	180
Total	46,809	9,875	-	4,551
Less: Allowance for doubtful debts	-	(3,433)	-	(180)
Trade accounts receivable - sales of property, net	46,809	6,442	-	4,371

The balances of trade accounts receivable - holiday club members, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<u>Age of receivables</u>				
Past due				
Up to 30 days	5,079	9,208	-	-
31 - 60 days	2,486	2,001	-	-
61 - 90 days	1,009	1,077	-	-
91 - 120 days	774	652	-	-
Over 120 days	14,285	6,337	-	-
Total	23,633	19,275	-	-
Less: Allowance for doubtful debts	(2,600)	(2,600)	-	-
Trade accounts receivable - sales of holiday club members, net	21,033	16,675	-	-

4. Related party transactions

During the period, 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 upon basis between the Company, its subsidiaries and related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 September				
	2012	2011	2012	2011	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Inter-resort payments	-	-	1	1	(1) agreed basis
Estate service expenses	-	-	1	1	(2) at market price
Guarantee fee expenses	-	-	2	2	(3) agreed basis
Interest income	-	-	27	34	(5) agreement
Interest expenses	-	-	4	5	(5) agreement
Management fee income	-	-	2	-	(7) agreement
Reimbursement receipts	-	-	4	15	(11) agreed basis
Reimbursement payments	-	-	9	4	(11) agreed basis
Rental and service income	-	-	3	3	(12)(i), (iii) agreement
Rental and service expenses	-	-	4	4	(12)(iv), (v) agreement
Resort service expenses	-	-	3	2	(14) agreed basis
Dividend received	-	-	30	730	as declared
<u>Transactions with associate</u>					
Inter-resort receipts	2	1	-	-	(1) agreed basis
Reimbursement receipts (reversal)	2	(1)	-	(1)	(11) agreed basis
<u>Transactions with related companies</u>					
Inter-resort payments	23	19	-	-	(1) agreed basis
Management fee income	1	-	1	-	(7) agreement
Management fee expenses	47	25	-	-	(6), (15), (16) agreement
Sale of gallery vouchers	-	4	-	-	(8) agreed basis
Purchase of spa vouchers	-	1	-	-	(8) agreed basis
Sale of goods	15	3	-	-	(9) agreed basis
Reimbursement receipts	13	12	-	-	(11) agreed basis

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		
	For the three-month periods ended 30 September				
	2012	2011	2012	2011	Transfer pricing policy
Reimbursement payments	20	17	1	5	(11) agreed basis
Rental and service income	11	11	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	1	1	-	-	(13) agreement
Resort service income	2	2	-	-	(14) agreed basis
Training charges	1	2	-	-	(10) agreed basis
<u>Transactions with management and directors</u>					
Interest income	-	1	-	1	(4) agreement

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		
	For the nine-month periods ended 30 September				
	2012	2011	2012	2011	Transfer pricing policy
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Inter-resort payments	-	-	2	1	(1) agreed basis
Estate service expenses	-	-	2	1	(2) at market price
Guarantee fee income	-	-	1	1	(3) agreed basis
Guarantee fee expenses	-	-	5	4	(3) agreed basis
Interest income	-	-	80	91	(5) agreement
Interest expenses	-	-	6	23	(5) agreement
Management fee income	-	-	2	1	(7) agreement
Purchase of gallery voucher	-	-	1	1	(8) agreed basis
Reimbursement receipts	-	-	26	39	(11) agreed basis
Reimbursement payments	-	-	17	13	(11) agreed basis
Rental and service income	-	-	9	8	(12)(i), (iii) agreement
Rental and service expenses	-	-	11	12	(12)(iv), (v) agreement
Resort service expenses	-	-	8	7	(14) agreed basis
Dividend received	-	-	30	730	as declared

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	For the nine-month periods ended 30 September				
	2012	2011	2012	2011	Transfer pricing policy
<u>Transactions with associate</u>					
Inter-resort receipts	4	2	-	-	(1) agreed basis
Reimbursement receipts	5	2	-	1	(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	72	71	-	-	(1) agreed basis
Management fee income	2	1	1	1	(7) agreement
Management fee expenses	178	107	-	-	(6), (15), (16) agreement
Sale of gallery vouchers	8	9	-	-	(8) agreed basis
Purchase of spa vouchers	6	7	2	2	(8) agreed basis
Sale of goods	36	18	-	-	(9) agreed basis
Reimbursement receipts	42	38	1	3	(11) agreed basis
Reimbursement payments	51	48	3	8	(11) agreed basis
Rental and service income	30	35	-	-	(12)(i), (ii), (iv), (vi), (vii) agreement
Rental return on hotel units	3	3	-	-	(13) agreement
Resort service income	6	6	-	-	(14) agreed basis
Training charges	12	9	7	1	(10) agreed basis
<u>Transactions with management and directors</u>					
Interest income	2	2	1	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 credit card commission is charged ranging from 2% to 4% of the revenue based on the commission rate 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 to residential projects in Laguna Phuket which are charged 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 group companies are unsecured and are denominated in Thai Baht. The 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 17 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 to Banyan Tree Hotels & Resorts Pte. Ltd. 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 paid to Banyan Tree Resorts & Spas (Thailand) Company Limited.

- (iv) The Technical Assistance Agreement of the Banyan Tree Phuket : a technical fee of 7.5% of gross operating profit.
- (v) The Technical Assistance Agreement to conduct the golf business : 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 : 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 corporate 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
 - Group reservation fees are charged 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 65% 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 25% to 60% 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 and are 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 is at 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 is at 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.

(Unaudited but reviewed)

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

(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, : based on actual cost
transportation charges
- Staff buses : at the price based on cost plus a certain margin
- Marketing fee : at the rate of 1% of the operations' actual revenue
- Community service : based on actual cost

(15) This relates to architectural and interior design services by Banyan Tree Hotels & Resorts Pte. Ltd. The fees are based on construction cost at progressive rates which depend on type of services and type of constructions. The fees are consistent with industry practice. As a result, these transactions are on normal commercial terms and conditions.

(16) This relates to technical service by Banyan Tree Hotels & Resorts Pte. Ltd. for pre-construction and pre-opening of Angsana Laguna Phuket at USD 0.5 million.

The Company has contingent liabilities in respect of letters of guarantee issued to banks to guarantee facilities of its subsidiaries as follows:

(Unit: Million Baht)

	<u>30 September 2012</u>	<u>31 December 2011</u>
Overdrafts and bank guarantee facilities	106	106

(Unaudited but reviewed)

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)

	30 September 2012	31 December 2011
Short-term loan facilities	170	170
Overdrafts and bank guarantee facilities	10	10

As at 30 September 2012 and 31 December 2011, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Amounts due from related parties				
Subsidiaries	-	-	106,860	114,432
Associated companies	10,240	4,457	2,613	-
Related companies (related by common shareholders)	68,035	44,272	7,475	10,588
Total amounts due from related parties (Note 3)	<u>78,275</u>	<u>48,729</u>	<u>116,948</u>	<u>125,020</u>
Amounts due to related parties				
Subsidiaries	-	-	12,883	5,850
Associated companies	-	109	-	-
Related companies (related by common shareholders)	90,563	75,946	3,367	4,914
Total amounts due to related parties (Note 12)	<u>90,563</u>	<u>76,055</u>	<u>16,250</u>	<u>10,764</u>

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

As at 30 September 2012 and 31 December 2011, the balances of loans between the Company, employees and those related companies and the movement are as follows:

(Unaudited but reviewed)

Long-term loans to subsidiaries

(Unit: Thousand Baht)

	Separate financial statements			
	31 December			30 September
	2011	Addition	Repayment	2012
Laguna Banyan Tree Limited	900,300	324,000	(288,200)	936,100
Laguna Holiday Club Limited	185,380	23,500	(74,500)	134,380
Laguna Lakes Limited	441,001	-	-	441,001
TWR - Holdings Limited	301,670	307,450	(450,700)	158,420
Laguna Grande Limited	-	30,800	(30,800)	-
Total	1,828,351	685,750	(844,200)	1,669,901

Long-term loans to employees

(Unit: Thousand Baht)

Employees of the companies	Consolidated financial statements			
	31 December			30 September
	2011	Addition	Repayment	2012
Laguna Resorts & Hotels Public Company Limited	1,720	484	(1,226)	978
Bangtao Grande Limited	-	725	(359)	366
Laguna Grande Limited	1,099	-	(481)	618
Laguna Holiday Club Limited	-	242	(135)	107
Banyan Tree Gallery (Thailand) Limited	-	327	(129)	198
Thai Wah Plaza Limited	-	1,798	(489)	1,309
Total	2,819	3,576	(2,819)	3,576

(Unit: Thousand Baht)

Employees of the company	Separate financial statements			
	31 December			30 September
	2011	Addition	Repayment	2012
Laguna Resorts & Hotels Public Company Limited	1,720	484	(1,226)	978

(Unaudited but reviewed)

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 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		30 September	
	2011	Addition	Repayment	2012
Laguna Grande Limited	11,200	515,450	(283,000)	243,650
Laguna (3) Limited	-	2,000	(2,000)	-
Total	11,200	517,450	(285,000)	243,650

Directors and management's benefits

During the nine-month periods ended 30 September 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	46,845	68,444	36,721	53,010
Post-employment benefits	1,102	1,067	587	576
Other long-term employee benefits	20	1	16	16
Total	47,967	69,512	37,324	53,602

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18 b) to the interim financial statements.

(Unaudited but reviewed)

5. Property development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Property for sale under holiday club memberships	457,910	473,504	-	-
Completed buildings	1,026,336	1,006,688	254,583	269,807
Land	720,082	699,583	3,694	3,997
Leasehold land	44,041	44,041	-	-
Property under construction	278,784	499,056	8,795	2,283
	2,527,153	2,722,872	267,072	276,087
Less: Allowance for diminution in market value of property under construction	(91,418)	(91,418)	-	-
Property development cost - net	2,435,735	2,631,454	267,072	276,087

Subsidiaries have mortgaged property development cost amounting to Baht 359 million (31 December 2012: Baht 328 million) as collateral against its credit facilities received from financial institutions.

6. Long-term trade accounts receivable

Long-term trade accounts receivable consist of:

- 6.1 Installments receivable from property sales which bear interest at a rate of 7% - 12%, MLR plus 0.5%-1% and the group's cost of fund plus 0.5% per annum and installments are repaid over a period of 3 to 15 years.
- 6.2 Installments receivable from sales of holiday club memberships which bear interest at a rate of 7.5% to 9% per annum and installments are repaid over a period of 2 to 5 years.

Long-term trade accounts receivable are due as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2012	31 December 2011
Current portion of long-term trade accounts receivable	129,764	130,909
Long-term trade accounts receivable	187,792	173,032
Total	317,556	303,941

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements		
	30 September 2012	31 December 2011
Sales of property		
Within 1 year (Note 3)	69,000	64,989
Over 1 year to 5 years	140,343	108,535
Over 5 years	9,544	19,933
Long-term trade accounts receivable - sales of property	218,887	193,457
Sales of holiday club memberships		
Within 1 year (Note 3)	60,764	65,920
Over 1 year to 5 years	37,905	44,564
Long-term trade accounts receivable - sales of holiday club memberships	98,669	110,484
Total	317,556	303,941

(Unit: Thousand Baht)

Separate financial statements		
	30 September 2012	31 December 2011
Current portion of long-term trade accounts receivable	11,945	14,935
Long-term trade accounts receivable	26,774	34,859
Total	38,719	49,794
Sales of property		
Within 1 year (Note 3)	11,945	14,935
Over 1 year to 5 years	24,219	30,934
Over 5 years	2,555	3,925
Long-term trade accounts receivable - sales of property	38,719	49,794

7. 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	
	30 September	31 December	30 September	31 December	30 September	31 December
	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	%	%	Million Baht	Million Baht
<u>Subsidiaries held by the Company</u>						
Banyan Tree Gallery (Singapore)	SGD 0.43	SGD 0.43				
Pte Limited	Million	Million	51	51	4.0	4.0
Banyan Tree Gallery (Thailand) Limited	7.8	7.8	51	51	4.0	4.0
Laguna Banyan Tree Limited ⁽¹⁾	500.0	500.0	100	100	835.1	835.1
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	914.4	914.4
Laguna Lakes Limited	1.0	1.0	95	95	0.9	0.9
Laguna Service Company Limited ⁽²⁾	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
<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	-	-
Pai Samart Development Company Limited	28.4	28.4	100	100	-	-
Phuket Resort Development Limited	41.4	41.4	100	100	-	-
PT AVC Indonesia	USD 0.9	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	USD 75	USD 75	51	51	-	-
Company Limited	Thousands	Thousands				
<u>Subsidiary held through Laguna Holiday Club Limited</u>						
Cheer Golden Limited	-	-	100	100	-	-
Total investments in subsidiaries					<u>3,408.6</u>	<u>3,408.6</u>

(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 profits of this subsidiary at 100% after deducting the cumulative preferential annual dividend of 15% of the par value of the preference shares, in accordance with the income sharing percentage in the Articles of Association.

(Unaudited but reviewed)

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 for the nine-month periods ended 30 September 2011.

8. Investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September	31 December	30 September	31 December	30 September	31 December
			2012	2011	2012	2011	2012	2011
			(%)	(%)				
Lijiang Banyan Tree Hotel Co. Ltd.	Hotel operations and property development	The People's Republic of China	49	49	348,414	348,414	506,233	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	506,233	534,049

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit (loss) from investment in associate			
	For three-month periods ended		For nine-month periods ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
Lijiang Banyan Tree Hotel Co. Ltd.	395	47,162	(13,297)	173,616

9. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Investment in available-for-sale security				
Universal Starch Public Company Limited	50,830	50,830	-	30,316
Less: Allowance for impairment of investment	(50,830)	(50,830)	-	(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.	312,515	130,525	-	-
Total investments in other companies	500,940	318,950	-	-
Total other long-term investments - net	500,940	318,950	-	-

10. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
At cost / revaluation value		
Balance as at 31 December 2011	17,930,156	355,441
Additions	271,758	1,236
Transfer to property development cost	(125,416)	(6,512)
Disposals and write off	(24,671)	(7,180)
Adjustments	568	-
Balance as at 30 September 2012	18,052,395	342,985
Accumulated depreciation		
Balance as at 31 December 2011	(4,885,968)	(91,641)
Depreciation charged for the period	(212,534)	(6,190)
Depreciation on transfer to property development cost	22,595	-
Depreciation on revaluation surplus	(4,670)	-
Depreciation on disposals and write off	22,829	5,869
Depreciation on adjustments	(179)	-
Balance as at 30 September 2012	(5,057,927)	(91,962)
Allowance for impairment loss		
Balance as at 31 December 2011	(17,605)	(7,356)
Balance as at 30 September 2012	(17,605)	(7,356)
Net book value		
Balance as at 31 December 2011	13,026,583	256,444
Balance as at 30 September 2012	12,976,863	243,667

The Company and its 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

Subsidiaries have mortgaged land and hotel buildings at fair value of Baht 8,172 million (31 December 2011: Baht 7,873 million) as collateral against credit facilities received from financial institutions.

(Unaudited but reviewed)

11. Short-term loans from financial institution

Short-term loans from financial institutions represent promissory notes with maturity dates within 3 months, subject to interest rate of 4.10% per annum (31 December 2011: 4.35% to 5.26%).

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

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Trade accounts payable	151,544	222,478	5,174	7,301
Amounts due to related parties (Note 4)	90,563	76,055	16,250	10,764
Accrued expenses	186,974	213,474	22,502	41,906
Other payables	54,329	114,528	604	58,008
Construction payables	22,813	16,534	4,481	6,865
Service charge payable to hotel staff	11,840	22,118	-	-
Accrued rental to villa owners	46,827	47,176	8,180	8,372
Total	564,890	712,363	57,191	133,216

13. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Value added tax payable	37,775	47,052	2,498	4,024
Unearned income	49,582	61,349	-	-
Other tax payable	22,237	31,353	2,170	4,962
Short term provision	3,634	-	-	-
Total	113,228	139,754	4,668	8,986

(Unaudited but reviewed)

14. Long - term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Secured	2,902,261	2,490,804	262,500	315,000
Long-term loans are repayable as follows:				
Within 1 year	347,894	356,523	70,000	70,000
Over 1 year to 5 years	2,125,817	1,540,731	192,500	245,000
Over 5 years	428,550	593,550	-	-
	2,554,367	2,134,281	192,500	245,000
Total	2,902,261	2,490,804	262,500	315,000

Movements in the long-term loans account during the nine-month period ended 30 September 2012 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2011	2,490,804	315,000
Add : Additional borrowings	698,600	-
Less: Repayments	(287,143)	(52,500)
Balance as at 30 September 2012	2,902,261	262,500

The loans are secured by mortgage of plots of land and all hotel buildings of its subsidiaries, as described in Note 10 to the interim financial statements.

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 30 September 2012, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 1,441 million (31 December 2011: Baht 2,090 million).

15. Earnings per share

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

(Unaudited but reviewed)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	Financial statements		financial statements	
	2012	2011	2012	2011
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(126,389)	(165,302)	183	720,470
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.76)	(0.99)	0.001	4.32
For the nine-month periods ended 30 September				
	Consolidated		Separate	
	Financial statements		financial statements	
	2012	2011	2012	2011
	(Restated)			
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(124,406)	(89,183)	(55,560)	685,660
Weighted average number of ordinary shares (Thousand shares)	166,683	166,683	166,683	166,683
Earnings (loss) per share (Baht/share)	(0.75)	(0.54)	(0.33)	4.11

16. Dividend

Dividend declared in nine-month period ended 30 September 2011 consist of:

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

17. Commitments

Capital commitment

As at 30 September 2012, the Company and its subsidiaries have capital commitments as follows:

- The Company and its subsidiaries have commitments in respect of constructing new and renovating existing hotel properties amounting to Baht 11 million (31 December 2011: Baht 2 million).

(Unaudited but reviewed)

- b) The Company and its subsidiaries have commitments that relate to projects to develop properties for sale amounting to Baht 26 million (31 December 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 30 September 2012, the Company and its 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 business. In consideration for such services, 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
Bangtao Grande Limited	Angsana Laguna Phuket	Banyan Tree Hotels & Resorts Pte. Limited	1.7.2011 - 30.11.2031	- Royalty fee: 3% of total revenue
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.7.2011 - 30.11.2031	- Management fee: 10% of gross operating profit
Laguna Grande Limited	Laguna Phuket Golf Club	Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 31.12.2014	- Basic technical fee : 3% of total revenue
			(a)	- Incentive fee : 10% of gross operating profit
Laguna Banyan Tree Limited	Banyan Tree Phuket	Banyan Tree Hotels and Resorts Pte. Limited	1.1.2009 - 31.12.2015	- Royalty fee : 2% of total revenue
			(b)	
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 31.12.2015	- Technical fee : 7.5% of gross operating profit
Thai Wah Plaza Limited	Banyan Tree Bangkok	Banyan Tree Hotels & Resorts Pte. Limited	1.1.2009 - 31.12.2021	- Royalty fee: 3% of total revenue
			(c)	
		Banyan Tree Resorts & Spas (Thailand) Company Limited	1.1.2009 - 31.12.2021	- Management fee: 10% of gross operating profit
Laguna Village Limited	Outrigger Laguna Phuket Resort and Villas	Outrigger Hotels (Thailand) Limited	29.5.2009 - 31.12.2019	- 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
			(d)	
				- Incentive fee : 7% of gross operating profit

(Unaudited but reviewed)

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

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

As at 30 September 2012, future minimum payments required under these scheme agreements were as follows.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable:		
Within 1 year	142	28
Over 1 to 5 years	257	36
Over 5 years	16	-

During the nine-month period ended 30 September 2012, the Company and its subsidiaries recognised rental expenses of Baht 118 million (Separate financial statements: Baht 24 million).

Investment commitment

A subsidiary entered into the Limited Partnership Agreement in respect of the 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 30 September 2012, the subsidiary has made capital contributions of USD 10 million to the Fund.

Servitude over land

As at 30 September 2012, some subsidiaries have land servitudes of approximately 7 rai at Phuket province, which are presented under property development cost and property, plant and equipment.

18. Guarantees

- a) As at 30 September 2012, there are 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 (31 December 2011: Baht 45 million, Separate financial statements: Baht 2 million).
- b) As at 30 September 2012, 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).

19. Operating segment information

The Company and its subsidiaries' business operations involve three principal operating 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 operating segment.

(Unit: Million Baht)

For the three-month period ended 30 September 2012								
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	508	65	54	627	17	247	-	891
Intersegment revenues	43	12	(3)	52	5	2	(59)	-
Total revenues	<u>551</u>	<u>77</u>	<u>51</u>	<u>679</u>	<u>22</u>	<u>249</u>	<u>(59)</u>	<u>891</u>
Operating segment profit	241	24	28	293	7	123	-	423
Interest and other income								12
Unallocated expenses:								
Selling expenses								(86)
Administrative expenses								(418)
Finance cost								(46)
Corporate income tax								(8)
Loss for the period								<u>(123)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2011

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	355	59	49	463	15	146	-	624
Intersegment revenues	33	11	-	44	5	2	(51)	-
Total revenues	<u>388</u>	<u>70</u>	<u>49</u>	<u>507</u>	<u>20</u>	<u>148</u>	<u>(51)</u>	<u>624</u>
Operating segment profit	101	29	13	143	8	80	-	231
Interest income and other income								17
Unallocated expenses:								
Selling expenses								(74)
Administrative expenses								(367)
Share of profit from investment in associate								47
Finance cost								(41)
Corporate income tax								22
Loss for the period								<u>(165)</u>

(Unit: Million Baht)

For the nine-month period ended 30 September 2012

	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	1,866	173	172	2,211	47	719	-	2,977
Intersegment revenues	130	40	(10)	160	14	7	(181)	-
Total revenues	<u>1,996</u>	<u>213</u>	<u>162</u>	<u>2,371</u>	<u>61</u>	<u>726</u>	<u>(181)</u>	<u>2,977</u>
Operating segment profit	958	70	94	1,122	22	370	-	1,514
Interest and other income								42
Unallocated expenses:								
Selling expenses								(272)
Administrative expenses								(1,227)
Share of loss from investment in associate								(13)
Finance cost								(134)
Corporate income tax								(23)
Loss for the period								<u>(113)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2011								
	Hotel Business	Gallery Operations	Others	Total Hotel Operations	Office Rental	Property Development	Elimination of inter-segment revenues	Consolidation
Revenue from external customers	1,809	199	169	2,177	42	391	-	2,610
Intersegment revenues	128	37	-	165	15	6	(186)	-
Total revenues	1,937	236	169	2,342	57	397	(186)	2,610
Operating segment profit	904	94	58	1,056	20	247	-	1,323
Gain on sale of investment	45	-	-	45	-	-	-	45
Interest income and other income								53
Unallocated expenses:								
Selling expenses								(238)
Administrative expenses								(1,230)
Share of profit from investment in associate								174
Finance cost								(85)
Corporate income tax								(100)
Loss for the period								(58)

Transfer prices between businesses segments are set out as described in Note 4 to the interim financial statements.

20. Foreign currency assets/liabilities

As at 30 September 2012, the outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies and were not hedged for foreign exchange rate risk are as follows:

(Unit: Thousand)

<u>Foreign currency</u>	<u>Consolidated</u> <u>financial statements</u>		<u>Separate</u> <u>financial statements</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
US dollar	3,238	259	571	36
Singapore dollar	174	112	-	109

21. 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 of the land totaling 10 rais 3 ngans 97.1 square wah 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.

(Unaudited but reviewed)

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.

22. Reclassification

Certain amounts in the statement of financial position as at 31 December 2011 and the income statements for the three-month and nine-month periods ended 30 September 2011, have been reclassified to conform to the current periods' 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	187,415	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	133,216	270,211
Amounts due to related parties	-	76,055	-	10,764
Advance received from customers	377,740	-	142,796	-
Other current liabilities	139,754	108,401	8,986	4,023

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month period ended 30 September 2011			
	As reclassified	As previously reported	As reclassified	As previously reported
Income statements				
Cost of hotel operations	319,720	250,037	2,841	2,841
Administration expenses	366,764	361,061	68,821	66,545
Depreciation	-	75,386	-	2,276

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September 2011			
	As reclassified	As previously reported	As reclassified	As previously reported
Income statements				
Cost of hotel operations	1,121,123	892,335	8,381	8,381
Administration expenses	1,229,923	1,212,712	222,443	215,597
Depreciation	-	245,999	-	6,846

In addition, the Company has presented the consolidated and separate statements of financial position as at 1 January 2011 herein for comparative purposes to comply with the Accounting Standard No. 1 (revised 2009) Presentation of Financial Statements.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2012.