

5 Assets of the company

5.1 Summary of operating assets of the company and its subsidiaries

As at 31st December 2005, the assets of Laguna Resorts & Hotels Public Company Limited and its subsidiary companies that are used in its business operations are as follows:

LAND, BUILDINGS AND MACHINERY

Baht : Million

Type of assets	Total	Laguna Resorts & Hotels Public Company Limited	Laguna Grande Limited & subsidiaries	Laguna Banyan Tree Limited & subsidiaries	Laguna Beach Club Limited & subsidiary	Thai Wah Plaza Limited & subsidiaries	TWR-Holdings Limited & subsidiaries, and Other
Hotel properties	8,554.01	1,032.73	1,697.05	1,486.71	1,363.38	2,974.14	-
Land and land improvement	3,956.40	327.85	2,863.10	-	271.78	323.46	170.21
Land awaiting development	639.39	-	65.46	-	-	-	573.93
Buildings and staff dormitories	163.36	107.83	24.61	-	-	-	30.92
Furniture, fixtures and equipment	324.82	40.74	63.82	4.31	-	3.88	212.07
Golf course	283.17	-	283.17	-	-	-	-
Motor vehicles	92.43	7.90	20.61	17.46	1.53	2.03	42.90
Construction in process	900.30	44.57	116.05	690.53	0.49	48.66	-
Total property and equipment at cost and revaluation	14,913.88	1,561.62	5,133.87	2,199.01	1,637.18	3,352.17	1,030.03
Less : Accumulated depreciation	(4,789.13)	(771.28)	(1,379.80)	(506.00)	(778.87)	(1,163.40)	(189.78)
Property and equipment	10,124.75	790.34	3,754.07	1,693.01	858.31	2,188.77	840.25
Property and equipment, net book value	10,124.75	790.34	3,754.07	1,693.01	858.31	2,188.77	840.25

Laguna Resorts & Hotels Public Co., Ltd.

As at 31st December 2005, the assets consisted of Laguna Resorts & Hotels Public Co., Limited land at Sunsai, Chiang Mai of 372-1-40 Rai and land at Bangtao Bay, Phuket of 51-2-94.1 Rai which is the site of the Dusit Laguna Resort (consisting of buildings, furniture, fixtures and equipment), Canal Village and Wedding Chapel. The following area is under mortgage with the bank:

- 51-2-94.1 Rai mortgaged with Siam Commercial Bank Public Co., Ltd.

The net book value of the assets of the Company amounted to Baht 790.34 million as at 31st December 2005.

The value of the land at Sunsai, Chiang Mai and the land and buildings of the Dusit Laguna Resort as appraised by Simon Lim & Partner Ltd. on 1st November 2004 was Baht 658.14 million. This appraisal valuation has been included in the company financial statements for the year ended 31st December 2005.

Subsidiary Companies

Laguna Grande Limited and its subsidiary companies

As at 31st December 2005, the assets consisted of 1,643-1-39.9 Rai of land owned by Laguna Grande Limited and its subsidiary companies at Bangtao Bay, Phuket, which is the site of the Sheraton Grande Laguna Phuket Hotel (consisting of buildings, furniture, fixtures and equipment and condominiums), the Laguna Phuket Golf Club and land awaiting future development. Some areas are under mortgage with banks as follows:

- 382-2-26.6 Rai mortgaged with Siam Commercial Bank Public Co., Ltd.;
- 94-3-97.1 Rai mortgaged with Kasikorn Bank Public Co., Ltd.;
- 49-3-44.6 Rai mortgaged with Bangkok Bank Public Co., Ltd.

The net book value of the assets owned by Laguna Grande Limited and its subsidiary companies amounted to Baht 3,754.07 million as at 31st December 2005.

The value of the buildings of the Sheraton Grande Laguna Phuket, land of the Laguna Phuket Golf Club and land awaiting development appraised by Simon Lim & Partner Ltd. on 1st November 2004 was Baht 3,720.40 million. This appraisal valuation has been included in the company financial statements for the year ended 31st December 2005.

Laguna Banyan Tree Limited and its subsidiary companies

As at 31st December 2005, the assets of the company comprise the Banyan Tree Phuket Resort located at Bangtao Bay, Phuket which consists of buildings, furniture, fixtures and equipment and Lijiang Banyan Tree Hotel located in Lijiang, China which consists of land and buildings in the course construction.

The net book value of the assets owned by Laguna Banyan Tree Limited and its subsidiary companies amounted to Baht 1,693.01 million, as at 31st December 2005.

The appraisal value of the buildings of the Banyan Tree Phuket as assessed by Simon Lim & Partner Co., Ltd. on 1st November 2004 was Baht 923.17 million. This appraisal excluded the Lijiang Banyan Tree Hotel (net book value at 31 December 2005: Baht 342.40 million) and PT AVC Indonesia (net book value at 31 December 2005: Baht 0.21 million). The above appraisal value has been shown in the company financial statements for the year ended 31st December 2005.

Laguna Beach Club Limited and its subsidiary company

As at 31st December 2005, the assets of the company comprise the Laguna Beach Resort located at Bangtao Bay, Phuket which consists of buildings, furniture, fixtures and equipment. The land on which the hotel is situated belongs to Laguna (1) Co., Ltd., which is 100% owned by Laguna Beach Club Ltd.

The net book value of the assets owned by Laguna Beach Club Limited and its subsidiary company amounted to Baht 858.31 million as at 31st December 2005.

The value of the land and buildings of the Laguna Beach Resort appraised by Simon Lim & Partner Co., Ltd. on 1st November 2004 was Baht 887.24 Million. The above appraisal value has been shown in the company financial statements for the year ended 31st December 2005.

Thai Wah Plaza Limited and its subsidiary company

As at 31st December 2005, the assets of the company comprise land at Bangkok of 2-1-92 Rai, office for rent at Thai Wah Tower building and Thai Wah Tower 2 building and the Banyan Tree Bangkok located at Bangkok which consists of buildings, furniture, fixtures and equipment. The following area is under mortgage with the bank:

- 2-1-92 Rai mortgaged with Siam Commercial Bank Public Co., Ltd.

The net book value of the assets owned by Thai Wah Plaza Limited and its subsidiary company amounted to Baht 2,188.77 million as at 31st December 2005.

The value of the land and buildings of the Thai Wah Plaza Limited appraised by Knight Frank Chartered (Thailand) Co., Ltd. on 28th November 2003 was Baht 2,161.33 Million. The above appraisal value has been shown in the company financial statements for the year ended 31st December 2005.

TWR Holdings Limited and its subsidiary companies, and other subsidiary companies

As at 31st December 2005, the assets of the company and its subsidiary companies, and other subsidiary companies, consists of land, land awaiting for development, buildings and equipment. The following area is under mortgage of the bank:

- 44-3-4.1 Rai being mortgaged with Siam Commercial Bank Public Co., Ltd.

These assets have a net book value of Baht 840.25 million as at 31st December 2005. The land which is the site of the resort and property development in Chiang Rai and Mae Hong Sorn belong to the subsidiary companies of TWR-Holdings Limited of Phuket Resort Development Co., Ltd., Pai Samart Development Co., Ltd., Mae Chan Property Co., Ltd. and Thalang Development Co., Ltd.

The valuations as performed by Simon Lim & Partner Ltd. on 1st November 2004 are included as Attachment 4.

INVESTMENTS

The interests of Laguna Resorts & Hotels Public Co.,Ltd. (both direct and indirect) in its investments in subsidiary, associate and other companies as at 31 December 2005 are summarised below.

Company name	Type of business	Paid-up share capital (Million Baht)	Percentage of holding (%)	Year invested	Investment - cost method (Million Baht)	Investment – equity method (Million Baht)	Shareholders which hold more than 10 %	Note
<u>Subsidiaries</u>								
TWR- Holdings Limited	Investment holding	1,250.00	100.00	1993	1,250.00	1,172.90		
Laguna Holiday Club Limited	Time share business	330.00	100.00	1994	330.00	614.81		
Laguna Grande Limited	Operating a golf club and property development	1,000.00	100.00	1993	914.45	2,493.01		
Laguna Service Company Limited	Provide utilities and other services to hotels of the Company and subsidiaries	90.50	86.45	1991	22.35	29.75	LRH = 24.7% BGL = 31.1 % LBC = 27.1 % LBTL = 17.1 %	(3)
Banyan Tree Gallery (Thailand) Limited	Sales of merchandise	7.75	51.00	1994	3.95	53.18	BTHL = 49%	
Wenco-Thai Limited	Dormant	1.00	100.00	1993	0.51	1.69		
Banyan Tree Gallery (Singapore) Pte Ltd	Sales of merchandise	S\$0.43	51.00	1994	3.95	28.80	BTHL = 49%	(7)
Laguna (3) Limited	Property Development	0.10	100.00	2001	46.42	144.39		
Cheer Golden Limited	Investment holding	HK\$ -	100.00	2002	-	(8.43)		(7)

Laguna Resorts & Hotels Public Company Limited
Form 56-1
For the Year Ended 31 December 2005

Company name	Type of business	Paid-up share capital (Million Baht)	Percentage of holding (%)	Year Invested	Investment - cost method (Million Baht)	Investment - equity method (Million Baht)	Shareholders which hold more than 10 %	Note
<u>Subsidiaries held through TWR-Holdings Ltd.</u>								
Pai Samart Development Company Limited	Property development	28.40	100.00	1990	-	(39.04)		
Mae Chan Property Company Limited	Property development	232.30	100.00	1990	-	(357.38)		
Phuket Resort Development Limited	Property development	41.40	100.00	1996	-	191.87		
Laguna Banyan Tree Limited	Hotel operations	500.00	100.00	1992	835.14	546.69		(4)
Laguna Beach Club Limited	Hotel operations	200.00	60.00	1993	85.00	387.25	PR(T) = 40%	(1),(4)
Laguna (1) Limited	Property development	15.00	60.00	1993	-	107.87	PR(T) = 40%	(1),(4)
PT AVC Indonesia	Time share business	US\$0.70	100.00	2002	-	(2.18)		(7)
Talang Development Company Limited	Property development	251.00	50.00	2002	-	3.23	SB (3) = 50%	
Lijiang Banyan Tree Hotel Co., Ltd.	Hotel operations	US\$10.9	70.00	2003	-	(1.00)	BTHL = 30%	(7)
Twin Waters Development Company Limited	Property development	214.37	100.00	2003	-	290.44		
Thai Wah Plaza Limited	Hotel operations	1,500.00	100.00	2005	-	(118.53)		
Thai Wah Tower Company Limited	Office rental	455.00	100.00	2005	-	(2.80)		
Thai Wah Tower (2) Company Limited	Office rental	21.00	100.00	2005	-	1.54		
Laguna Excursions Limited	Has not yet operated	5.00	49.00	2005	-	(0.04)		(2)
<u>Subsidiaries held through Laguna Grande Ltd.</u>								
Bangtao (1) Limited	Property development	20.93	100.00	1990	-	71.39		
Bangtao (2) Limited	Property development	19.10	100.00	1990	-	99.91		
Bangtao (3) Limited	Property development	7.75	100.00	1990	-	45.72		
Bangtao (4) Limited	Property development	14.55	100.00	1990	-	152.03		
Bangtao Development Limited	Property development	80.00	100.00	1990	-	1,097.89		
Laguna Central Limited	Has not yet operated	1.00	100.00	2001	-	(0.11)		
Bangtao Grande Limited	Hotel Operations	1,546.00	100.00	2001	-	699.80		
					3,491.77	7,704.64		

Laguna Resorts & Hotels Public Company Limited
Form 56-1
For the Year Ended 31 December 2005

Company name	Type of business	Paid-up share capital (Million Baht)	Percentage of holding (%)	Year Invested	Investment - cost method (Million Baht)	Investment - equity method (Million Baht)	Shareholders which hold more than 10 %	Note
<u>Associates</u>								
Ownrep Project Services Pte Ltd.	Dormant	S\$ 2.00	50.00	1991	18.11	-	TRL = 50%	(6) (7)
					18.11	-		
<u>Other investments</u>								
Tropical Resorts Limited	Investment holding	US\$ 50.50	19.80	1990	-	-	TWC = 19.8% JAIC = 18.8% Kilby = 30% CFC = 11.6 %	(5) (7)
Thai Wah Public Company Limited	Commodities	785.36	16.26	1988	21.97	-		(4) (8)
TRL Investment Ltd.	Investment holding	US\$0.01	19.80	2003	188.43	-	GSI = 19.8% CFC = 11.6% CI = 48.8%	(6) (7)
Hua Hin Beach Resorts Company Limited	Operations suspended	10.00	10.00	2003	-	-	Ms.Jarasspim Liptapunlop = 85%	
					210.40	-		
					3,720.28	7,704.64		

Remarks:

- The company has recognised its effective interest in this subsidiary at 50% in accordance with the profit sharing percentage in the Articles of Association.
- The company has recognised its effective interest in this subsidiary at 100% in accordance with the profit sharing percentage in the Articles of Association.
- Both direct and indirect shareholding in Laguna Services Co., Ltd.
- Both direct and indirect shareholding by LRH and TWRH.
- Indirect shareholding through TWRH and LBTL.
- Indirect shareholding through TWRH.
- Paid-up share capital of investment in foreign companies are presented in foreign currencies in million Singapore, Hong Kong or United States dollars.
- Market value of investment in TWC as at date trading was suspended on 14th November 2005 was Baht 1.72 per share.

Abbreviations

BGL	= Bangtao Grande Ltd.	Kilby	= Kilby Associates Ltd.
BTHL	= Banyan Tree Holdings Pte Ltd.	PR(T)	= Pacific Resort (Thailand) Co., Ltd.
CFC	= Chang Fung Co., Ltd.	SB (3)	= Sangchan Business (3) Co.,Ltd.
JAIC	= Japan Asia Investments Corp. Fund	TRL	= Tropical Resorts Ltd.
LBC	= Laguna Beach Club Ltd.	TWC	= Thai Wah Public Co., Ltd.
LBTL	= Laguna Banyan Tree Ltd.	TWRH	= TWR – Holdings Limited.
LRH	= Laguna Resorts & Hotels Public Co., Ltd.	WCE	= Wah Chang Engineering Corp. Ltd.
GSI	= Gold Sand Investments Ltd.	CI	= Chang Fung Investments Ltd.

NET ASSET VALUE

	Million Baht	Value per share (Baht)
Assets	10,729.70	
Add : Revaluation of hotel properties and land	1,888.36	
Total assets	12,618.06	149.02
Less : Total liabilities	(5,028.95)	(59.39)
Net Assets	7,589.11	89.63
Less : Commitments which may occur	-	-
Net Asset Value	7,589.11	89.63

Remark: The company and the subsidiaries company do not have any contingent liabilities relating to the execution of any guarantee or mortgage to any party which is not either the company or its subsidiary companies.

5.2 Developing of real estate summary

Project	Company	Project Type	Total Units	Outstanding Units	Area (Rai-Ngan-Sq.w.)	Land owner	Expected Period to Sell/Develop	Investment Value (Million Baht)
Island Villas	Laguna Grande Limited	Condo minium	52	-	4-1-4.5	Laguna Grande Limited	-	184
The Allamanda 1	Laguna Grande Limited	Condo minium	95	-	9-0-2.9	Laguna Grande Limited	-	242
The Allamanda 2&3	Laguna Grande Limited	Condo minium	141	-	12-1-59.7	Laguna Grande Limited	-	493
Laguna Homes	Laguna Grande Limited	Land	54	-	67-2-63.9	Laguna Grande Limited	-	66
Laguna Townhomes 1	Laguna Grande Limited	Land & house	18	-	7-3-87.9	Twin Waters Development Company Limited	-	146
Laguna Townhomes 2	Laguna Holiday Club Limited	Land & house	24	-	12-0-51.39	Laguna Holiday Club Limited	-	233
Laguna Townhomes 3 A	Thai Wah Plaza Limited	Land & house	16	5	8-0-87.8	Thai Wah Plaza Limited	1 year	148
Laguna Residences 1	Laguna Grande Limited	Land & house	20	-	18-0-59.0	Laguna Grande Ltd.	-	192
Laguna Residences 2	Twin Waters Development Company Limited	Land & house	19	-	21-0-58.8	Twin Waters Development Co., Ltd.	-	193
Laguna Residences 3	Thai Wah Plaza Limited	Land & house	12	12	17-0-5.2	Thai Wah Plaza Limited	1 year	158
Banyan Tree 2 Bedroom Villas Phase 1	Laguna Banyan Tree Limited	Villa	12	-	2-2-15.54	Bangtao Development Limited	-	114
Banyan Tree 2 Bedroom Villas Phase 2	Laguna Banyan Tree Limited	Villa	14	3	3-0-7.5	Bangtao Development Limited	1 year	210

Island Villas are located at 10 Moo 4 Srisoontorn Road, Cherngtalay District, Amphur Talang, Phuket Province.

The Allamanda 1 is located at 29 Moo 4 Srisoontorn Road, Cherngtalay District, Amphur Talang, Phuket Province.

The Allamanda 2&3 is located at 29 Moo 4 Srisoontorn Road, Cherngtalay District, Amphur Talang, Phuket Province.

Laguna Homes are located at Moo 4 Srisoontorn Road, Cherngtalay District, Amphur Talang, Phuket Province.

The Laguna Townhomes projects are located at Moo 4 Srisoontorn Road, Cherngtalay District, Amphur Talang, Phuket Province.

The Laguna Residences projects are located at Moo 4 Srisoontorn Road, Cherngtalay District, Amphur Talang, Phuket Province.

Banyan Tree - 2 Bedroom Villas are located at 33 Moo 4, Srisoontorn Road, Cherngtalay District, Amphur Talang, Phuket Province.

Project	Construction progress		Grand opening for Sales	Sales/ Rental price per unit (Million Baht)	Project Sales value (Million Baht)	Sales progress		Revenue Recognition method	Income Recognition In accounting (Million Baht)
	Investment Paid (Million Baht)	Completion %				Sold value (Million Baht)	% of project Sales value		
Island Villas	184	100%	Feb – 92	5.0 – 7.5	353	353	100%	% completion method	353
The Allamanda 1	242	100%	Jun – 93	2.5 – 6.5	417	417	100%	% completion method	417
The Allamanda 2&3	493	100%	Jun – 94	4.5 – 8.6	742	742	100%	% completion method	742
Laguna Homes	66	100%	Jan – 93	2.3 – 6.3	206	206	100%	% completion method	206
Laguna Townhomes 1	146	100%	Jan – 03	12.6 – 13.0	240	240	100%	% completion method	240
Laguna Townhomes 2	233	100%	Jan - 04	14.9-15.9	378	378	100%	% completion method	378
Laguna Townhomes 3A	33	9%	Dec - 04	17.9 - 19.9	294	128	44%	% completion method	16
Laguna Residences 1	192	100%	Jan – 01	15.3 – 28.5	392	392	100%	% completion method	392
Laguna Residences 2	193	100%	Jan – 04	21.0 - 25.0	424	424	100%	% completion method	414
Laguna Residences 3	23	-	Dec - 04	29.0 – 32.8	343	-	0%	% completion method	-
Banyan Tree 2 Bedroom Villas Phase 1	114	100%	Oct – 96	16.7 – 20.0	200	200	100%	% completion method	200
Banyan Tree 2 Bedroom Villas Phase 2	210	100%	Jan - 04	29.0 - 32.0	443	347	78%	% completion method	313

Project	Income recognised (Million Baht)		
	2005	2004	2003
The Allamanda 2&3	70	-	6
Laguna Homes	-	-	7
Laguna Townhomes 1	3	125	111
Laguna Townhomes 2	158	220	-
Laguna Townhomes 3A	16	-	-
Laguna Residences 1	-	85	249
Laguna Residences 2	10	403	-
Banyan Tree - 2 Bedroom Villas Phase 2	313	-	-

Project	Total cash received (Million Baht)			
	Collections	Advance from customer	Total	% of sold value
Island Villas	353	-	353	100%
The Allamanda 1	411	-	411	99%
The Allamanda 2&3	695	-	695	94%
Laguna Homes	206	-	206	100%
Laguna Townhomes 1	225	-	225	94%
Laguna Townhomes 2	167	-	167	44%
Laguna Townhomes 3 A	16	47	63	21%
Laguna Residences 1	376	-	376	96%
Laguna Residences 2	348	-	348	82%
Laguna Residences 3	-	-	-	-
Banyan Tree - 2 Bedroom Villas Phase 1	198	-	198	100%
Banyan Tree - 2 Bedroom Villas Phase 2	281	-	281	81%

Details of receivables due in each project as at 31st December 2005 is as follows:

Project	Income Recognised (million Baht) (1)	Due and receivable (2)		Total Collection (3)		Total Receivable (2)-(3)		Not yet due (1)-(2)	
		Million Baht	% of sold value	Million Baht	% of total due receivable	Million Baht	% of total due receivable	Million Baht	% of sold value
Island Villas	353	353	100%	353	100%	-	-	-	-
The Allamanda 1	417	414	99%	411	99%	3	1%	3	1%
The Allamanda 2&3	742	719	97%	695	97%	24	3%	23	3%
Laguna Homes	206	206	100%	206	100%	-	-	-	-
Laguna Townhomes 1	240	237	99%	225	95%	12	5%	3	1%
Laguna Townhomes 2	378	352	93%	167	47%	185	53%	26	7%
Laguna Townhomes 3 A	16	16	100%	16	100%	-	-	-	-
Laguna Residences 1	392	392	100%	376	96%	16	4%	-	-
Laguna Residences 2	414	414	100%	348	84%	66	16%	-	-
Laguna Residences 3	-	-	-	-	-	-	-	-	-
Banyan Tree - 2 Bedroom Villas Phase 1	200	199	99%	198	100%	1	1%	1	1%
Banyan Tree - 2 Bedroom Villas Phase 2	313	313	100%	281	90%	32	10%	-	-

Details of overdue receivables as at 31st December, 2005

Project	Undue		Total overdue		Overdue 1-3 months		Overdue 3-6 months		Overdue>6 months	
	No.	Million Baht	No.	Million Baht	No.	Million Baht	No.	Million Baht	No.	Million Baht
The Allamanda 1	3	3	-	-	-	-	-	-	-	-
The Allamanda 2&3	8	23	4	1	-	-	-	-	4	1
Laguna Townhomes 1	1	3	-	-	-	-	-	-	-	-
Laguna Townhomes 2	24	26	-	-	-	-	-	-	-	-
Laguna Residences 1	-	-	1	14	1	1	1	1	1	12
Laguna Residences 2	-	-	2	4	2	4	-	-	-	-
Banyan Tree - 2 Bedroom Villas Phase 1	1	1	-	-	-	-	-	-	-	-
Banyan Tree - 2 Bedroom Villas Phase 2	-	-	2	8	2	8	-	-	-	-

Property Under Construction as at 31st December 2005

- There are 16 Laguna Townhomes Phase 3A under construction as at 31 December 2005 and are budgeted to cost Baht 148 million. Costs incurred at 31 December 2005 are Baht 33 million.
- There are 4 Laguna Residences Phase 3 under construction as at 31 December 2005 and are budgeted to cost Baht 61 million. Costs incurred at 31st December 2005 are Baht 8 million.

Property Projects Suspended

Laguna Home Chiangrai Phase 1 was suspended in 1997 due to the poor property market. If market conditions improve the project will be re-started.

5.3 Intangible assets

Goodwill

On 8 March 2005, the TWR-Holdings Limited acquired 100 percent of the shares of Thai Wah Plaza Ltd. Goodwill on consolidation of Baht 35.43 million which represents the excess of the purchase price over the fair value is regarded as an asset in the balance sheet and is amortised on straight-line basis over 20 years.

On 8 January 2002, the company acquired 49 percent of the shares of Laguna Banyan Tree Ltd. Goodwill on consolidation of Baht 501 million which represents the excess of the purchase price over the fair value is regarded as an asset in the balance sheet and is amortised on straight-line basis over 20 years.

5.4 Investment / management policy of the company and its subsidiary companies

The current intention of management in regard to investment policy in the company and its subsidiary companies is to pursue any investment opportunities within Laguna Phuket that provides the shareholders with a sufficient return on investment. Such opportunities are summarised in section 6 below.