

Central Plaza Hotel Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2012 and 2011

1 General information

Central Plaza Hotel Public Company Limited, (the “Company”) is a public limited company which is incorporated and domiciled in Thailand and is listed on the Stock Exchange of Thailand on 10 January 1990. The address of the Company’s registered office is as follows:

1695 Phaholyothin Road, Chatuchak, Bangkok, Thailand

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal businesses of the Company are in the hotel business. Details of the Company’s subsidiaries, associates and interests in joint ventures as at 31 December 2012 and 2011 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			31 December 2012	31 December 2011
Direct subsidiaries				
Investment in subsidiaries				
Central Samui Beach Resort Co., Ltd.	Hotel	Thailand	100.0	100.0
Central Karon Village Co., Ltd.	Hotel	Thailand	100.0	100.0
Central Krabi Bay Resort Co., Ltd.	Hotel	Thailand	100.0	100.0
Central Hua Hin Beach Resort Co., Ltd.	Hotel	Thailand	63.9	63.9
Central World Hotel Co., Ltd.	Hotel	Thailand	100.0	100.0
Central Koh Kood Hotel Co., Ltd.	Hotel	Thailand	100.0	100.0
Central Hotel Management Co., Ltd.	Holding company	Thailand	100.0	100.0
Central Restaurants Group Co., Ltd.	Food and beverage	Thailand	100.0	100.0
Triplene Decor Co., Ltd.	Not operate yet	Thailand	100.0	100.0
Central Samui Hotel Management Co., Ltd.	Hotel	Thailand	100.0	100.0
Centara International Management Co., Ltd.	Holding company and hotel management	Thailand	100.0	100.0
S.P. Realty Had Farang Resort Co., Ltd.	Not operate yet	Thailand	100.0	100.0
S.P. Realty Pattaya Beach Co., Ltd.	Not operate yet	Thailand	100.0	100.0
Cenvaree Healthy Spa Co., Ltd.	Not operate yet	Thailand	100.0	100.0
Central Bangkok Convention & Exhibition Co., Ltd.	Not operate yet	Thailand	100.0	100.0
Centara International Management (Thailand) Co., Ltd. (Formerly known as Centara Thai Hotel Management Co., Ltd.)	Hotel management	Thailand	100.0	100.0
Karon Phuket Hotel Co., Ltd.	Hotel	Thailand	83.9*	-
Cosi Hotels Co., Ltd.	Not operate yet	Thailand	100.0	-
Centara Import-Export Co., Ltd.	Not operate yet	Thailand	100.0	-
Investment in property fund				
Thai Pattana Fund 2	Property fund	Thailand	23.9	23.9

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1 General information (Cont'd)

The principal businesses of the Company are in the hotel business. Details of the Company's subsidiaries, associates and interests in joint ventures as at 31 December 2012 and 2011 are as follows: (Cont'd)

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			31 December 2012	31 December 2011
Indirect subsidiaries				
Investment in subsidiaries				
Central Sukhontha Hotel Co., Ltd.	Hotel	Thailand	100.0	100.0
Central Samui Village Co., Ltd.	Hotel	Thailand	100.0	100.0
Central Mae Sot Hill Hotel Co., Ltd.	Hotel	Thailand	98.4	98.4
CRG Manufacturing Co., Ltd.	Food and beverage	Thailand	100.0	100.0
Central Laundry Services Co., Ltd.	Dormant Company	Thailand	100.0	100.0
Centara Egypt for Hotels Management Co., Ltd.	Dissolution	Egypt	-	100.0
CRG International Food Co., Ltd.	Food and beverage	Thailand	100.0	100.0
S.P. Realty Lanta Beach Co., Ltd.	Not operate yet	Thailand	100.0	100.0
Centara Maldives Pvt. Ltd.	Hotel	Maldives	75.0	-
R.M.L. Leisure Pvt. Ltd. (Formerly known as Regent Maldives Pvt. Ltd.)	Hotel	Maldives	74.0	-
Investment in associates and interests in joint ventures				
Centara Hotels & Resorts Leasehold Property Fund	Property fund	Thailand	25.3	25.3
R.M.L. Leisure Pvt. Ltd. (Formerly known as Regent Maldives Pvt. Ltd.)	Hotel	Maldives	-	25.0
Karon Phuket Hotel Co., Ltd.	Hotel	Thailand	-	50.0*
Kata Phuket Hotel Co., Ltd.	Hotel	Thailand	50.0	50.0
Centara Maldives Pvt. Ltd.	Hotel	Maldives	-	50.0

* By direct and indirect shareholding

These Group consolidated financial statements were authorised for issue by the Board of Directors on 21 February 2013.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

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2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

The consolidated and company financial statements have been prepared under the cost convention except revaluation of property, plant and equipment and some investments which are carried at fair value as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Comparative figures have been adjusted to conform with changes in presentation in the current year as follows:

	Consolidated					
	As at 1 January 2011			As at 31 December 2011		
	Originally stated Baht	Adjustment Baht	Restated Baht	Originally stated Baht	Adjustment Baht	Restated Baht
Other current assets						
Trade and other receivables	457,120,835	69,142,055	526,262,890	555,948,503	91,018,405	646,966,908
Receivables from related parties	69,142,055	(69,142,055)	-	107,788,208	(107,788,208)	-
VAT receivable	280,411,634	(280,411,634)	-	178,926,188	(178,926,188)	-
Other current assets	47,445,060	280,411,634	327,856,694	33,711,889	198,730,090	232,441,979
Non-current assets						
Other non-current assets	761,692,315	-	761,692,315	735,913,326	(3,034,099)	732,879,227
Current liabilities						
Trade and other payables	1,194,452,838	2,721,799	1,197,174,637	1,540,881,466	51,614,251	1,592,495,717
Current portion of deferred income	125,142,509	-	125,142,509	121,272,529	54,233,956	175,506,485
Payables to related parties	2,721,799	(2,721,799)	-	94,008	(94,008)	-
Income tax payable	154,925,342	-	154,925,342	157,602,308	(4,605,568)	152,996,740
Other current liabilities	514,247,448	-	514,247,448	540,145,729	(90,325,543)	449,820,186
Non-current liabilities						
Other non-current liabilities	18,247,279	-	18,247,279	94,473,458	(10,823,088)	83,650,370
	Company					
	As at 1 January 2011			As at 31 December 2011		
	Originally stated Baht	Adjustment Baht	Restated Baht	Originally stated Baht	Adjustment Baht	Restated Baht
Other current assets						
Trade and other receivables	113,283,395	55,734,588	169,017,983	145,423,485	64,963,790	210,387,275
Receivables from related parties	55,734,588	(55,734,588)	-	55,830,506	(55,830,506)	-
VAT receivable	42,311,408	(42,311,408)	-	-	-	-
Other current assets	8,131,930	42,311,408	50,443,338	10,990,229	2,035,744	13,025,973
Non-current assets						
Other non-current assets	179,013,897	-	179,013,897	130,960,801	(11,169,028)	119,791,773
Current liabilities						
Trade and other payables	302,354,562	(32,202,469)	270,152,093	312,436,532	54,850,642	367,287,174
Current portion of deferred income	50,333,333	36,886,175	87,219,508	50,333,333	39,502,247	89,835,580
Payables to related parties	4,683,706	(4,683,706)	-	71,179,499	(71,179,499)	-
Other current liabilities	164,328,626	-	164,328,626	201,501,765	(12,350,301)	189,151,464
Non-current liabilities						
Other non-current liabilities	14,198,187	-	14,198,187	60,806,149	(10,823,089)	49,983,060

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2 Accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

With the effective of TAS 1 (Revised 2009) "Presentation of Financial Statements", the Group presented statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011 for the reclassification of comparative figures.

The effects of the statement of comprehensive income for the year ended 31 December 2011 are as follows;

	Consolidated			Company		
	Originally stated Baht	Adjustment Baht	Restated Baht	Originally stated Baht	Adjustment Baht	Restated Baht
Revenues						
Revenues from hotel operations	2,556,818,244	2,225,672,061	4,782,490,305	794,448,878	780,108,218	1,574,557,096
Revenues from food and beverage	8,177,526,089	(1,682,209,226)	6,495,316,863	579,327,090	(579,327,090)	-
Other operating income	428,850,306	(428,850,306)	-	150,447,795	(150,447,795)	-
Rental income	114,612,529	(114,612,529)	-	50,333,333	(50,333,333)	-
Expenses						
Cost of sales - hotel operations	488,287,270	3,331,669,844	3,819,957,114	149,462,078	1,094,670,388	1,244,132,466
Cost of sales - food and beverage	4,315,767,619	(1,152,799,182)	3,162,968,437	408,220,903	(408,220,903)	-
Cost of sales - other operating income	319,966,413	(319,966,413)	-	124,947,987	(124,947,987)	-
Selling expenses	-	526,227,056	526,227,056	-	155,666,892	155,666,892
Administrative expenses	2,762,901,410	120,497,628	2,883,399,038	534,260,234	83,443,476	617,703,710
Land and building rental expenses	336,264,608	(336,264,608)	-	188,242,248	(188,242,248)	-
Marketing expenses	526,227,056	(526,227,056)	-	155,666,892	(155,666,892)	-
Maintenance and energy expenses	517,612,403	(517,612,403)	-	162,543,056	(162,543,056)	-
Depreciation and amortisation expenses	1,005,027,237	(1,005,027,237)	-	210,716,194	(210,716,194)	-
Key management benefit expenses	46,801,226	(46,801,226)	-	46,471,226	(46,471,226)	-
Loss from guarantee provision	73,696,403	(73,696,403)	-	36,972,250	(36,972,250)	-

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard

- a) New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard that are not yet effective and have not been early adopted by the Group:

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements.

TSIC 21 clarifies that deferred tax liability or asset that arises from the revaluation of a non-depreciable asset in accordance with TAS 16 shall be measured on the basis of the tax consequences that would follow from recovery of the carry amount of that asset through sale, regardless of the basis of measuring the carrying amount of that asset.

TSIC 25 clarifies that a change in the tax status of an entity or its shareholders does not give rise to increases or decreases in amounts recognised outside profit or loss. The current and deferred tax consequences of a change in tax status shall be included in profit or loss for the period, unless those consequences related to transactions and events that result, in the same or different period, in a direct credit or charge to the recognised amount of equity or in amounts recognised in other comprehensive income. Those tax consequences shall be charged directly to equity or other comprehensive income, respectively.

The group is assessing the impact of deferred tax.

TAS 20 applies in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance. Government grants are recognised when there is reasonable assurance that the entity will comply with conditions related to them and that the grants will be received. Grants related to income are recognised in profit or loss over periods necessary to match them with the related costs that they are intended to compensate. Grants related to assets are either offset against the carrying amount of the relevant asset or presented as deferred income in the statement of financial position.

TSIC 10 clarifies on TAS 20 that government assistance to entities meets the definition of government grants in TAS 20, even if there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors. Such grants shall therefore not be credited directly to shareholders' interests.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard (Cont'd)

TAS 21 (revised 2009) requires an entity to determine its functional currency which is the currency of the primary economic environment in which the entity operates. Currency other than functional currency of an entity is foreign currency. Foreign currency transactions are required to be translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. The standard permits the presentation currency of a reporting entity to be any currencies. The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated in the presentation currency as follows: (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position; (b) income and expenses are translated at the exchange rate at the date of the transactions; and (c) all resulting exchange differences are recognised in the statement of comprehensive income. The management is currently assessing the impact of applying this standard.

TFRS 8 requires a management approach under which segment information is presented on the same basis that used for internal reporting purpose as provided to the chief operating decision makers. The new standard will have an impact on disclosure.

The management is currently assessing the impact of applying these standards and interpretations.

Effective for the periods beginning on or after 1 January 2014

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The management is currently assessing the impact of TRIC 4.

TFRIC 12 deals with public-to-private service concession arrangements for the delivery of public services. It applies only to concession agreements where the use of the infrastructure is controlled by the grantor. This interpretation requires two different accounting treatments, depending on the specific terms of the concession agreement. When the operator builds infrastructure and has an unconditional contractual right to receive cash or another financial asset from the grantor, that right is treated as a financial asset. When the operator builds infrastructure and receives a right (a licence) to charge users of the public service, that right is treated as an intangible asset. TFRIC 4 is not relevant to the Group's operation.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. The management is currently assessing the impact of applying this interpretation.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. TSIC 29 is not relevant to the Group's operation.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures (Cont'd)

(3) Associates and interests in joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates and interests in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.14 for the impairment of assets including goodwill.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate and joint venture.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investments in associates and interests in joint ventures are accounted for using the cost method.

A list of the Group's principal associates and joint ventures is set out in Note 11. The effects acquisitions and disposals of associates are shown in Note 32.

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

The statements of comprehensive income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and statement of financial position are translated at the exchange rates ruling on the end of reporting period. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

2 Accounting policies (Cont'd)

2.5 Cash and cash equivalents

In the consolidated and company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and Company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within selling and marketing costs.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method for food and beverage, finished goods, raw materials for manufacturing and spa products and by the moving average method for a subsidiary engaged in the manufacturing and sale of ice-cream products. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.8 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

2 Accounting policies (Cont'd)

2.8 Investments (Cont'd)

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weight average carrying amount of the total holding of the investment.

2.9 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and building improvement	15 and 30 years
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Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2 Accounting policies (Cont'd)

2.10 Property, plant and equipment

Property, plant and equipment comprise mainly land and buildings except assets under financial lease agreement are shown at fair value, based on valuations by external independent valuers every 5 years, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and building are credited to statement of comprehensive income and shown as gain on asset revaluation in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost (or the revalued amount) to their residual values over their estimated useful lives, as follows:

Land improvements	10 - 15 years
Buildings and improvements	10 - 50 years
Machinery and equipment	5 - 30 years
Furniture, fixtures and office equipment	10 - 19 years
Vehicles	7 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other losses/gains - net" in profit or loss.

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

2 Accounting policies (Cont'd)

2.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

2.12 Leasehold right

Leasehold right is prepaid rental expense that is capitalised and amortised using the straight-line method over the lease period. Leasehold right is not re-valued. The carrying amount of leasehold right is reviewed annually for impairment where it is considered necessary.

2.13 Intangible assets

License agreements

Expenditure on acquired patents, trademarks and licences relating to restaurant franchises is capitalised and amortised using the straight-line method over the related agreement periods, generally over 10 years. The intangible assets are not revalued. The carrying amount of intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives not over 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

2 Accounting policies (Cont'd)

2.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Leases

Leases - Where a Group company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases - Where a Group company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.16 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2 Accounting policies (Cont'd)

2.17 Employee Benefits

The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.18 Provisions

Provisions, which exclude the provisions relating to employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.19 Current and deferred income taxes

The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from [depreciation on property, plant and equipment, revaluations of certain non-current assets and of derivative contracts, provisions for pensions and other post retirement benefits and tax losses carried forward and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

2 Accounting policies (Cont'd)

2.20 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.21 Revenue recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

Revenues from quick service restaurant business are recognised when food and beverage are sold to the customers.

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

Rental income from investment property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income is recognised in the statement of income on the date the Group's/Company's right to receive payments is established.

Interest income is recognised in the statement of income as it accrues.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments such as interest rate swap to hedge certain exposures.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. All interest rate derivative transactions are subject to approval by the Finance Director before execution. The Group has no significant interest-bearing assets. The Group's policy is enter into interest rate swap. Under the interest rate swaps, The Group agrees with the other parties to exchange, at specified intervals (generally quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

Foreign exchange risk

The Group has two investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. However, the Group does not enter into forward exchange contract to hedge the foreign currency exposure of its subsidiaries.

3.2 Accounting for derivative financial instruments and hedging activities

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

4 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.14. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

4 Critical accounting estimates and assumptions (Cont'd)

(b) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 23.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

6 Segment information

Segment information Segment reporting is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's and its subsidiaries' management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

6.1 Financial information by business segments

The Company and its subsidiaries comprise the following main business segments:

- Segment 1 Hotel
- Segment 2 Food and ice-cream

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6 Segment information (Cont'd)

6.1 Financial information by business segments (Cont'd)

Business segment results and financial position for the year ended 31 December 2012 and 2011 were as follows:

	Unit : Million Baht									
	Hotel operation		Food and ice-cream operation		Total continuing operations		Eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from operation	6,376	4,782	8,342	6,569	14,718	11,351	(214)	(74)	14,504	11,277
Interest income	372	306	5	9	377	315	(344)	(296)	33	19
Other income	898	618	98	51	996	669	(153)	(391)	843	278
Total revenue	7,646	5,706	8,445	6,629	16,091	12,335	(711)	(761)	15,380	11,574
Cost of sale	4,285	3,634	4,544	3,516	8,829	7,150	(159)	(166)	8,670	6,984
Administrative expenses	1,445	908	2,867	2,118	4,312	3,026	(560)	(262)	3,752	2,764
Other expenses	369	361	331	295	700	656	(6)	(11)	694	645
Total expenses	6,099	4,903	7,742	5,929	13,841	10,832	(725)	(439)	13,116	10,393
Share profit from investments	59	78	-	-	59	78	-	-	59	78
Profit before finance costs and income tax expense	1,606	881	703	700	2,309	1,581	14	(322)	2,323	1,259
Financial costs	(821)	(705)	(9)	(4)	(830)	(709)	344	295	(486)	(414)
Income tax expense	(68)	(46)	(145)	(209)	(213)	(255)	-	-	(213)	(255)
Profit for the years	717	130	549	487	1,266	617	358	(27)	1,624	590

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6 Segment information (Cont'd)

6.2 Financial information by geographical segments

The Group's business segments are managed on a worldwide basis and, they operate in main geographical areas as follows:

Thailand is the home country of the parent company which is also the main operating. The areas of operation are principally hotel operations, food and beverage operations, rmanufacturing and management operations.

Republic of Maldives - The main activities are hotel operations and spa.

	Million Baht					
	Revenues		Segment results		Total assets	
	2012	2011	2012	2011	2012	2011
Thailand	15,311	11,574	1,666	590	25,658	21,684
Maldives	70	-	(41)	-	2,972	-
Eliminated	(1)	-	(1)	-	(873)	-
	<u>15,380</u>	<u>11,574</u>	<u>1,624</u>	<u>590</u>	<u>27,757</u>	<u>21,684</u>

7 Cash and cash equivalents

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cash on hand	56,895,096	49,396,839	1,826,400	2,305,500
Cash at bank	296,390,740	186,545,146	18,227,482	3,694,948
Short-term investment less than 3 months	2,995,313	-	-	-
Bill of exchange	-	80,000,000	-	-
	<u>356,281,149</u>	<u>315,941,985</u>	<u>20,053,882</u>	<u>6,000,448</u>

The average effective interest rate of deposits with banks was 0.8% to 2.1% per annum (2011: 0.5% to 1.5% per annum).

8 Trade and other receivables

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Trade receivables - gross	467,618,108	267,721,126	104,993,004	68,257,357
<u>Less</u> Provision for impairment of trade receivables	<u>(3,824,331)</u>	<u>(2,752,601)</u>	<u>(651,700)</u>	<u>(1,070,450)</u>
Trade receivables - net	463,793,777	264,968,525	104,341,304	67,186,907
Prepaid expenses	85,988,549	47,017,744	25,416,766	41,446,635
Advance to suppliers	32,309,628	30,329,961	-	-
Accrued income	11,000,636	53,066,423	-	-
Other receivables	179,513,485	143,796,047	13,161,677	45,230,634
Receivables from related parties (Note 33)	63,531,938	107,788,208	171,587,270	56,523,099
	<u>836,138,013</u>	<u>646,966,908</u>	<u>314,507,017</u>	<u>210,387,275</u>

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8 Trade and other receivables (Cont'd)

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Within credit terms	328,051,340	203,258,080	73,144,326	56,876,760
Overdue:				
Less than 3 months	86,791,582	36,795,363	24,135,557	7,633,470
3 - 6 months	37,152,318	11,299,567	5,233,826	1,722,302
6 - 12 months	3,075,568	7,058,139	771,875	781,875
Over 12 months	12,547,300	9,309,977	1,707,420	1,242,950
	467,618,108	267,721,126	104,993,004	68,257,357
<u>Less</u> Provision for impairment of trade receivables	(3,824,331)	(2,752,601)	(651,700)	(1,070,450)
	<u>463,793,777</u>	<u>264,968,525</u>	<u>104,341,304</u>	<u>67,186,907</u>

9 Inventories

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Food and beverage	56,986,826	45,600,844	14,125,358	13,211,530
Raw materials	328,625,537	294,333,408	-	-
Work in process	1,784,510	1,821,560	-	-
Finished goods	5,451,171	287,492	-	-
Operating supplies	68,987,899	51,192,908	7,205,020	5,454,765
Others	14,846,601	10,481,612	1,934,526	2,423,173
	476,682,544	403,717,824	23,264,904	21,089,468
<u>Less</u> Allowance for obsolete stock	(3,298,050)	(3,827,411)	-	(444,716)
	<u>473,384,494</u>	<u>399,890,413</u>	<u>23,264,904</u>	<u>20,644,752</u>

The cost of food and beverage which is recognised as an expense and included in 'cost of sales' for the year ended 31 December 2012 amounted to Baht 3,815 million (2011: Baht 2,992 million).

10 Other current assets

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Withholding income tax and input tax receivable	98,415,813	111,639,665	12,580,372	11,169,025
Undue input tax	1,295,845	2,235,633	651,620	1,856,948
Retentions	14,062,057	48,091,285	-	-
Office supplies	13,674,311	30,329,961	-	-
Others	41,723,032	40,145,435	-	-
	<u>169,171,058</u>	<u>232,441,979</u>	<u>13,231,992</u>	<u>13,025,973</u>

11 Investments in subsidiaries, associates and interests in joint ventures

a) Investments in subsidiaries

	Company	
	2012	2011
	Baht	Baht
Subsidiaries		
At 1 January	4,274,695,445	4,211,489,748
Additional investments	8,500,000	945,375,000
Disposals	-	(250,000)
Decrease shares capital of subsidiaries	-	(862,499,303)
Transfer from interests in joint ventures (Note 11 b)	359,187,116	-
Proceeds from redemption of property funds	(19,420,000)	(19,420,000)
At 31 December	<u>4,622,962,561</u>	<u>4,274,695,445</u>

On 23 August 2012, the Company invested in Cosi Hotels Co., Ltd. Consisting of 300,000 ordinary shares with a par value of Baht 100 per share (call-up of Baht 25 per share), totalling Baht 7.5 million. Total invested shares represent 100% ownership. The Company paid for share capital on 23 August 2012.

On 19 September 2012, the Company invested in Centara Import-Export Co., Ltd. Consisting of 100,000 ordinary shares with a par value of Baht 10 per share (call-up of Baht 10 per share), totalling Baht 1.0 million. Total invested shares represent 100% ownership. The Company paid for share capital on 19 October 2012.

On 9 March 2011, Central Hotel Management Co., Ltd. registered with the Ministry of Commerce to decrease in authorised share capital of 7,500,000 shares with a par value of Baht 100 per share, totalling Baht 750 million.

On 16 March 2011, Central Karon Village Co., Ltd. registered with the Ministry of Commerce to decrease authorised share capital of 1,125,000 shares, with a par value of Baht 100 per share, totalling Baht 112.5 million.

On 25 August 2011, Central World Hotel Co., Ltd. registered additional ordinary shares from 10,000,000 shares to 20,000,000 shares, with a par value of Baht 100 per share, (call-up of 80 percent of additional shares), totalling Baht 800 million. Total invested shares represent 100% ownership. The Company paid for share capital on 25 August 2011.

On 13 October 2011, S.P. Realty Had Farang Resort Co., Ltd. has called-up additional shares of 885,000 shares with a par value of Baht 100 per share, at call-up of Baht 75 per share, totalling Baht 66.3 million. Total invested shares represent 100% ownership. The Company has recorded as account payable amount due for the share subscription as at 31 December 2011.

On 18 October 2011, Triplenine Decor Co., Ltd. registered additional ordinary shares of 800,000 shares, with a par value of Baht 100 per share (fully call-up). The Company had invested in these additional shares, amounting to Baht 79 million. Total invested shares represent 100% ownership.

On 26 October 2011, the Company sold its investment in S.P. Realty Lanta Beach Co., Ltd. to Central Krabi Bay Resort Co., Ltd. consisting of 10,000 shares with par value of Baht 100 per share (call-up 25 Baht per share), amounting to Baht 0.25 million.

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11 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

a) Investments in subsidiaries (Cont'd)

All investments in subsidiaries included in the consolidated financial statements are investments in ordinary shares of subsidiaries and units in property funds as follows:

	Country of incorporation	Company		Voting power from (if different ownership interest)	
		% Ownership interest		2012	2011
		2012	2011	2012	2011
Subsidiaries					
Central Samui Beach Resort Co., Ltd.	Thailand	100.0	100.0	-	-
Central Karon Village Co., Ltd.	Thailand	100.0	100.0	-	-
Central Krabi Bay Resort Co., Ltd.	Thailand	100.0	100.0	-	-
Central Hua Hin Beach Resort Co., Ltd.	Thailand	63.9	63.9	-	-
Central World Hotel Co., Ltd.	Thailand	100.0	100.0	-	-
Central Koh Kood Hotel Co., Ltd.	Thailand	100.0	100.0	-	-
Central Hotel Management Co., Ltd.	Thailand	100.0	100.0	-	-
Central Restaurants Group Co., Ltd.	Thailand	100.0	100.0	-	-
Triplenine Decor Co., Ltd.	Thailand	100.0	100.0	-	-
Central Samui Hotel Management Co., Ltd.	Thailand	100.0	100.0	-	-
Centara International Management Co., Ltd.	Thailand	100.0	100.0	-	-
S.P. Realty Had Farang Resort Co., Ltd.	Thailand	100.0	100.0	-	-
S.P. Realty Pattaya Beach Co., Ltd.	Thailand	100.0	100.0	-	-
Cenvaree Healthy Spa Co., Ltd.	Thailand				
Central Bangkok Convention & Exhibition Co., Ltd.	Thailand	100.0	100.0	-	-
Centara International Management (Thailand) Co., Ltd.	Thailand	100.0	100.0	-	-
Karon Phuket Hotel Co., Ltd.	Thailand	83.9*	-	-	-
Cosi Hotels Co., Ltd.	Thailand	100.0	100.0	-	-
Centara Import-Export Co., Ltd.	Thailand	100.0	100.0	-	-
Property funds					
Thai Pattana Fund 2	Thailand	23.9	23.9	100.0	100.0

* By direct and indirect shareholding

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11 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

b) Investments in associates and interests in joint ventures

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
At 1 January	1,235,268,146	1,079,330,605	1,045,204,788	1,045,204,788
Share of net profit of investments in associates - equity method	59,088,709	77,982,693	-	-
Shared of other comprehensive income of investment	70,706,677	-	-	-
Additional investment	756,174,960	154,361,144	179,187,116	-
Remeasuring of investments to fair value	312,138,587	-	-	-
Change/transfer to investment in subsidiaries (Note 11 a)	(1,437,433,711)	-	(359,187,116)	-
Dividend received	(71,492,030)	(76,406,296)	-	-
At 31 December	<u>924,451,338</u>	<u>1,235,268,146</u>	<u>865,204,788</u>	<u>1,045,204,788</u>

On 30 January 2012 and 28 March 2012, the Group additional paid for share capital of Centara Maldives Pvt. Ltd. consisting of 10,000,000 shares with a par value of USD 1 per share (additional call-up of USD 0.25 per share) totalling Baht 77.88 million (USD 2.5 million) and Baht 77.12 million (USD 2.5 million) respectively. Total invested shares represent 50% ownership.

On 27 February 2012, the Group additionally acquired the investment portion of 33.92%, (existing portion is 50.00%), totalling Baht 179.19 million of the share capital of Karon Phuket Hotel Co., Ltd. This made the Group increase the investment portion to 83.92%. The investment in Karon Phuket Hotel Co., Ltd. changed from "Interests in joint venture" to "Investment in subsidiary" at the date that the Group has control of this entity.

On 7 June 2012, the Group additionally acquired the investment portion of 25.00%, (existing direct portion is 50.00%) of the share capital of Centara Maldives Pvt. Ltd., totalling Baht 157.38 million (USD 5 million). This made the Group increase the investment portion to 75.00%. The investment in Centara Maldives Pvt. Ltd. changed from "Interests in joint venture" to "Investment in subsidiary" at the date that the Group has control of this entity.

On 3 December 2012, the Group additionally acquired the investment portion of 49.00%, (existing direct portion is 25.00%) of the share capital of R.M.L. Leisure Pvt. Ltd., totalling Baht 264.60 million (USD 8.6 million). This made the Group increase the investment portion to 74.00%. The investment in R.M.L. Leisure Pvt. Ltd. changed from "Investment in associate" to "Investment in subsidiary" at the date that the Group has control of this entity.

On 23 September 2011, the Group has invested in Centara Maldives Pvt. Ltd. consisting of 10,000,000 shares (Authorised share capital of 20,000,000 shares) with a par value of USD 1 per share (call-up of USD 0.5 per share) totalling Baht 154.4 million (USD 5 million). Total invested shares represent 50% ownership. The Company paid for share capital on 23rd and 28th September 2011.

11 Investments in subsidiaries, associates and interests in joint ventures (Cont'd)

b) Investments in associates and interests in joint ventures (Cont'd)

The investments in associates and interests in joint ventures in the consolidated financial statements as at financial position date are as follows:

	Consolidated				
	Country of incorporation	% Ownership interest		Voting power from (if different ownership interest)	
		2012	2011	2012	2011
Associates					
Centara Hotels & Resorts Leasehold Property Fund	Thailand	25.3	25.3	-	-
R.M.L. Leisure Pvt. Ltd.	Maldives	-	25.0	-	-
Joint Ventures					
Kata Phuket Hotel Co., Ltd.	Thailand	50.0	50.0	-	-
Karon Phuket Hotel Co., Ltd.	Thailand	-	50.0*	-	-
Centara Maldives Pvt. Ltd.	Maldives	-	50.0	-	-
Company					
	Country of incorporation	% Ownership interest		Voting power from (if different ownership interest)	
		2012	2011	2012	2011
Centara Hotels & Resorts Leasehold Property Fund	Thailand	25.3	25.3	-	-
Joint Ventures					
Kata Phuket Hotel Co., Ltd.	Thailand	50.0	50.0	-	-
Karon Phuket Hotel Co., Ltd.	Thailand	50.0	50.0*	-	-

* By direct and indirect shareholding

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12 Investment properties

Cost method

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
As at 1 January				
Cost	643,284,205	618,100,232	367,489,498	347,384,498
<u>Less</u> Accumulated depreciation	(135,655,529)	(117,705,089)	(38,987,151)	(26,236,254)
Net book amount	<u>507,628,676</u>	<u>500,395,143</u>	<u>328,502,347</u>	<u>321,148,244</u>
For the year ended 31 December				
Opening net book amount	507,628,676	500,395,143	328,502,347	321,148,244
Additions	-	25,183,973	-	20,105,000
Depreciation	(16,241,089)	(17,950,440)	(12,919,817)	(12,750,897)
Closing net book amount	<u>491,387,587</u>	<u>507,628,676</u>	<u>315,582,530</u>	<u>328,502,347</u>
As at 31 December				
Cost	643,284,205	643,284,205	367,489,498	367,489,498
<u>Less</u> Accumulated depreciation	(151,896,618)	(135,655,529)	(51,906,968)	(38,987,151)
Net book amount	<u>491,387,587</u>	<u>507,628,676</u>	<u>315,582,530</u>	<u>328,502,347</u>
Fair value	<u>3,643,000,000</u>	<u>3,643,000,000</u>	<u>1,673,671,200</u>	<u>1,673,671,200</u>
Rental Income	<u>114,612,529</u>	<u>114,612,529</u>	<u>50,333,333</u>	<u>50,333,333</u>

Depreciation expenses of have been charged in the cost of sales and administration expenses.

As at 31 December 2012, investment properties at net book value of Baht 323.4 million (Company: Baht 315.6 million) were revalued by Broke Real Estate Co., Ltd., a firm of independent professional valuers, on 8 May 2010 at open market values on an existing use basis. The appraised value was Baht 3,336 million (Company: Baht 1,673.7 million). The remainder of its investment properties at net book value of Baht 168.0 million was revalued by American Appraisal (Thailand) Co., Ltd., a firm of independent professional valuers, on 21 December 2011 at open market values on an existing use basis. The appraised value was Baht 307 million. Total market value of investment properties as at 31 December 2012 were Baht 3,643 million.

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13 Property, plant and equipment

	Consolidated									Total Baht
	Land Baht	Land improvements Baht	Buildings and improvements Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Hotel operating equipment Baht	Leasehold improvements Baht	Vehicles Baht	Assets under construction Baht	
At 1 January 2011										
Cost/Revaluation	3,240,626,670	1,167,355,811	6,224,916,294	3,338,645,848	1,661,950,989	281,590,520	223,230,504	245,513,415	1,162,066,138	17,545,896,189
<u>Less</u> Accumulated depreciation	-	(151,760,001)	(2,036,270,461)	(1,588,897,307)	(976,283,420)	(2,220,767)	(23,148,064)	(190,396,554)	-	(4,968,976,574)
<u>Less</u> Provision for impairment	-	(490,802)	(12,194,850)	(389,000)	(568,854)	-	-	-	-	(13,643,506)
Net book amount	3,240,626,670	1,015,105,008	4,176,450,983	1,749,359,541	685,098,715	279,369,753	200,082,440	55,116,861	1,162,066,138	12,563,276,109
Year ended 31 December 2011										
Opening net book amount	3,240,626,670	1,015,105,008	4,176,450,983	1,749,359,541	685,098,715	279,369,753	200,082,440	55,116,861	1,162,066,138	12,563,276,109
Additions	36,968,497	2,817,614	393,354,557	178,220,921	97,217,134	33,483,570	44,334,425	16,372,228	811,665,958	1,614,434,904
Acquisition from investment in a subsidiary	-	-	4,300,149	62,962,410	113,290,026	-	-	-	3,109,042	183,661,627
Disposals, net	-	-	1,292,877	(719,000)	(2,240,697)	(26,958,679)	-	(841,000)	-	(29,466,499)
Transfer from (to) other accounts	-	394,713,453	196,422,515	395,948,601	239,339,273	1,060,249	377,775,880	-	(1,638,555,693)	(33,295,722)
Depreciation charge	-	(60,438,448)	(364,680,374)	(299,939,073)	(199,829,302)	(878,213)	(37,156,904)	(17,211,061)	-	(980,133,375)
<u>Less</u> Provision for impairment	-	-	2,003,400	(389,000)	(57,000)	-	-	-	-	1,557,400
Closing net book amount	3,277,595,167	1,352,197,627	4,409,144,107	2,085,444,400	932,818,149	286,076,680	585,035,841	53,437,028	338,285,445	13,320,034,444
At 31 December 2011										
Cost/Revaluation	3,277,595,167	1,564,886,878	6,708,534,249	4,004,433,770	2,186,015,967	289,174,525	645,342,529	246,968,983	338,285,445	19,261,237,513
<u>Less</u> Accumulated depreciation	-	(212,198,449)	(2,289,198,692)	(1,918,989,370)	(1,252,685,964)	(3,097,845)	(60,306,688)	(193,531,955)	-	(5,930,008,963)
<u>Less</u> Provision for impairment	-	(490,802)	(10,191,450)	-	(511,854)	-	-	-	-	(11,194,106)
Net book amount	3,277,595,167	1,352,197,627	4,409,144,107	2,085,444,400	932,818,149	286,076,680	585,035,841	53,437,028	338,285,445	13,320,034,444

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13 Property, plant and equipment (Cont'd)

	Consolidated									Total Baht
	Land Baht	Land improvements Baht	Buildings and improvements Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Hotel operating equipment Baht	Leasehold improvements Baht	Vehicles Baht	Assets under construction Baht	
Year ended 31 December 2012										
Opening net book amount	3,277,595,167	1,352,197,627	4,409,144,107	2,085,444,400	932,818,149	286,076,680	585,035,841	53,437,028	338,285,445	13,320,034,444
Additions	93,464,948	9,520,441	387,595,206	238,319,310	119,209,800	68,215,109	3,566,344	27,762,076	835,278,091	1,782,931,325
Acquisition from investment in subsidiaries	402,002,406	6,121,377	2,247,034,670	141,498,567	86,688,752	22,722,793	-	12,826,328	232,973,046	3,151,867,939
Disposals, net	-	-	(5,209,262)	(2,814,727)	(2,492,803)	(22,806,034)	-	(1,717,041)	-	(35,039,867)
Write-offs, net	(18,020,340)	-	-	-	-	-	-	-	-	(18,020,340)
Reclassification	406,926	15,471,958	(3,476,916)	(28,386,920)	(6,606,605)	(26,929,040)	(276,297)	(15,892,654)	60,876,932	(4,812,616)
Transfer from (to) other accounts	2,870,347	(1,080,104,621)	1,127,726,537	101,571,315	80,854,998	138,181	272,823,269	4,728,709	(511,816,965)	(1,208,230)
Depreciation charge	-	(31,200,300)	(430,137,751)	(334,576,314)	(221,846,756)	(3,868,812)	(57,089,687)	(10,715,490)	-	(1,089,435,110)
Revaluation surplus	784,446,357	76,097,417	1,259,304,439	-	-	-	-	-	-	2,119,848,213
Translation adjustment	-	-	(1,510,227)	(140,484)	(133,868)	(12,061)	-	(21,436)	-	(1,818,076)
Less Provision for impairment	-	(490,802)	(30,884,194)	(89,207)	(686,554)	(543,330)	-	-	-	(32,694,087)
Closing net book amount	<u>4,542,765,811</u>	<u>347,613,097</u>	<u>8,959,586,609</u>	<u>2,200,825,940</u>	<u>987,805,113</u>	<u>322,993,486</u>	<u>804,059,470</u>	<u>70,407,520</u>	<u>955,596,549</u>	<u>19,191,653,595</u>
At 31 December 2012										
Cost/Revaluation	4,542,765,811	551,768,603	11,610,291,357	4,308,330,578	2,280,547,788	327,336,319	921,386,477	198,704,147	955,596,549	25,696,727,629
Less Accumulated depreciation	-	(203,664,704)	(2,619,820,554)	(2,107,415,431)	(1,292,056,121)	(3,799,503)	(117,327,007)	(128,296,627)	-	(6,472,379,947)
Less Provision for impairment	-	(490,802)	(30,884,194)	(89,207)	(686,554)	(543,330)	-	-	-	(32,694,087)
Net book amount	<u>4,542,765,811</u>	<u>347,613,097</u>	<u>8,959,586,609</u>	<u>2,200,825,940</u>	<u>987,805,113</u>	<u>322,993,486</u>	<u>804,059,470</u>	<u>70,407,520</u>	<u>955,596,549</u>	<u>19,191,653,595</u>

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13 Property, plant and equipment (Cont'd)

	Company									Total Baht
	Land Baht	Land improvements Baht	Buildings and improvements Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Hotel operating equipment Baht	Leasehold improvements Baht	Vehicles Baht	Assets under construction Baht	
At 1 January 2011										
Cos/Revaluation	772,116,599	323,890,260	2,002,154,168	1,015,414,105	329,464,359	99,566,055	153,707,301	88,977,042	285,175,044	5,070,464,933
<u>Less</u> Accumulated depreciation	-	(37,806,418)	(124,185,844)	(174,604,346)	(107,180,245)	-	(23,022,481)	(75,030,984)	-	(541,830,318)
Net book amount	<u>772,116,599</u>	<u>286,083,842</u>	<u>1,877,968,324</u>	<u>840,809,759</u>	<u>222,284,114</u>	<u>99,566,055</u>	<u>130,684,820</u>	<u>13,946,058</u>	<u>285,175,044</u>	<u>4,528,634,615</u>
Year ended 31 December 2011										
Opening net book amount	772,116,599	286,083,842	1,877,968,324	840,809,759	222,284,114	99,566,055	130,684,820	13,946,058	285,175,044	4,528,634,615
Additions	-	457,900	17,689,800	10,319,603	12,832,290	7,943,393	42,922,720	10,591,066	397,129,913	499,886,685
Disposals, net	-	-	-	(243,642)	(128,102)	(9,630,252)	-	(922,835)	-	(10,924,831)
Reclassification	-	(67,100,284)	(13,460,420)	35,444,930	13,678,262	(839,324)	-	-	-	(32,276,836)
Transfer from (to) other accounts	-	2,700,000	-	17,914,970	79,442,931	924,040	319,977,785	-	(421,872,475)	(912,749)
Depreciation charge	-	(23,568,088)	(29,542,241)	(69,613,138)	(33,668,162)	-	(30,161,331)	(8,042,779)	-	(194,595,739)
Closing net book amount	<u>772,116,599</u>	<u>198,573,370</u>	<u>1,852,655,463</u>	<u>834,632,482</u>	<u>294,441,333</u>	<u>97,963,912</u>	<u>463,423,994</u>	<u>15,571,510</u>	<u>260,432,482</u>	<u>4,789,811,145</u>
At 31 December 2011										
Cost/Revaluation	772,116,599	259,947,876	2,006,383,548	1,078,699,500	430,200,167	97,963,912	516,607,806	88,645,087	260,432,482	5,510,996,977
<u>Less</u> Accumulated depreciation	-	(61,374,506)	(153,728,085)	(244,067,018)	(135,758,834)	-	(53,183,812)	(73,073,577)	-	(721,185,832)
Net book amount	<u>772,116,599</u>	<u>198,573,370</u>	<u>1,852,655,463</u>	<u>834,632,482</u>	<u>294,441,333</u>	<u>97,963,912</u>	<u>463,423,994</u>	<u>15,571,510</u>	<u>260,432,482</u>	<u>4,789,811,145</u>

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13 Property, plant and equipment (Cont'd)

	Company									Total Baht
	Land Baht	Land improvements Baht	Buildings and improvements Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	Hotel operating equipment Baht	Leasehold improvements Baht	Vehicles Baht	Assets under construction Baht	
Year ended 31 December 2012										
Opening net book amount	772,116,599	198,573,370	1,852,655,463	834,632,482	294,441,333	97,963,912	463,423,994	15,571,510	260,432,482	4,789,811,145
Additions	-	1,800,196	1,640,865	20,227,927	12,954,115	14,954,895	2,964,460	-	75,941,707	130,484,165
Disposals, net	-	-	-	(1,655,487)	(379,883)	(8,622,922)	-	(870,428)	-	(11,528,720)
Reclassification	-	(8,623,022)	5,396,182	(7,045,007)	(691,123)	539,133	(246,949)	309,421	(9,009,524)	(19,370,889)
Transfer from (to) other accounts	2,870,347	3,785,047	-	10,826,943	23,472,633	19,750	270,955,872	1,187,710	(316,816,151)	(3,697,849)
Depreciation charge	-	(20,874,743)	(30,144,131)	(70,426,417)	(37,955,171)	-	(50,263,042)	(1,893,968)	-	(211,557,472)
Revaluation surplus	529,828,695	27,709,209	628,359,346	-	-	-	-	-	-	1,185,897,250
Closing net book amount	<u>1,304,815,641</u>	<u>202,370,057</u>	<u>2,457,907,725</u>	<u>786,560,441</u>	<u>291,841,904</u>	<u>104,854,768</u>	<u>686,834,335</u>	<u>14,304,245</u>	<u>10,548,514</u>	<u>5,860,037,630</u>
At 31 December 2012										
Cost/Revaluation	1,304,815,641	282,192,230	2,644,219,766	1,097,367,657	460,985,086	104,854,768	790,278,538	84,187,771	10,548,514	6,779,449,971
Less Accumulated depreciation	-	(79,822,173)	(186,312,041)	(310,807,216)	(169,143,182)	-	(103,444,203)	(69,883,526)	-	(919,412,341)
Net book amount	<u>1,304,815,641</u>	<u>202,370,057</u>	<u>2,457,907,725</u>	<u>786,560,441</u>	<u>291,841,904</u>	<u>104,854,768</u>	<u>686,834,335</u>	<u>14,304,245</u>	<u>10,548,514</u>	<u>5,860,037,630</u>

13 Property, plant and equipment (Cont'd)

At 31 December 2012, the Company and 3 subsidiaries mortgaged land, buildings and construction with carrying value of Baht 4,284 million (2011: Baht 3,933 million) as collateral for bank overdrafts and long term loan with financial institutions.

The land lease agreement for the Hua Hin Railway Hotel stipulates that hotel buildings and premises including the additional fixtures paid by a subsidiary, Central Hua Hin Beach Resort Co., Ltd., belong to the State Railway of Thailand.

The gross amount of fully depreciated property and equipment that was still in use as at 31 December 2012 and 2011 was the following:

	2012	2011
	Baht	Baht
The Group	3,730,547,209	2,374,857,292
The Company	123,002,039	80,213,086

Revaluation of assets

In December 2012, the Company and its four subsidiaries engaged an independent appraiser to appraise existing property, plant and equipment. Valuation methodologies applied are income approach. The increasing in revaluation surplus of the Company and subsidiaries approximately Baht 2,190.6 million (Company: Baht 1,185.9 million) has been charged to other comprehensive income (Note 26).

In the third quarter of 2008, eight subsidiaries engaged an independent appraiser to appraise existing property and equipment as at 31 August 2008, which included property and equipment which were previously appraised. The subsidiaries recorded property and equipment at the new appraisal value according to the appraisal report dated 31 August 2008.

The asset appraisal stated above, resulted in an increase in revaluation surplus of the Company and subsidiaries in consolidated balance sheet as at 31 August 2008 of approximately Baht 1,824 million. The revaluation surplus could not be used for dividend payment. Additionally, in the consolidated statement of comprehensive income, the Company and subsidiaries recorded net gain from appraisal and loss from impairment of asset of approximately Baht 3.1 million and Baht 15.2 million, respectively.

On 12 April 2011, the Federation of Accounting Profession (“FAP”) announced “Accounting Record on Revaluation” FAP announcement No. 18/2554 giving the Group two alternatives to be applied on depreciating revalued assets: (a) comply with the principle as stipulated in paragraph No. 38 of TAS No. 16 “Property, Plant and Equipment”, and depreciate the revalued sum or (b) comply with the cost method when revaluation is made and continue to depreciate the original cost only.

The Group adopted the alternative to comply with the cost method when revaluation is made. The effects of the above accounting treatment on the Group’s results for the years ended 31 December 2012 and 2011 were to increase the Group’s profit by Baht 42.7 million and Baht 43.7 million, respectively and increase in earnings per share by Baht 0.03 per share and Baht 0.03 per share, respectively.

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14 Assets under financial lease agreement

Hotel buildings, constructions and fixtures thereon of a subsidiary, Central World Hotel Co., Ltd. (“CWH”) must be transferred the rights on buildings and constructions thereon which CWH repair and maintenance or construct on the sub-lease land to the land owner, the Crown Property Bureau, at the date of those repair and maintenance or construction would be completed. According to the sub-lease land agreement, as at 31 December 2012 and 2011, assets under financial lease agreement were as the following:

	Consolidated				Total Baht
	Land improvements Baht	Buildings and improvements Baht	Machinery and equipment Baht	Furniture, fixtures and office equipment Baht	
At 1 January 2011					
Cost	65,993,654	2,417,456,944	1,029,982,006	27,726,347	3,541,158,951
<u>Less</u> Accumulated depreciation	(6,129,027)	(267,076,543)	(152,452,813)	(4,380,646)	(430,039,029)
Net book amount	<u>59,864,627</u>	<u>2,150,380,401</u>	<u>877,529,193</u>	<u>23,345,701</u>	<u>3,111,119,922</u>
Year ended 31 December 2011					
Opening net book amount	59,864,627	2,150,380,401	877,529,193	23,345,701	3,111,119,922
Additions	-	3,630,074	-	-	3,630,074
Transfer from other accounts	-	775,803	-	-	775,803
Depreciation charge	(2,720,898)	(97,926,385)	(55,457,834)	(3,495,150)	(159,600,267)
Closing net book amount	<u>57,143,729</u>	<u>2,056,859,893</u>	<u>822,071,359</u>	<u>19,850,551</u>	<u>2,955,925,532</u>
At 31 December 2011					
Cost	65,993,654	2,421,862,821	1,029,982,006	27,726,347	3,545,564,828
<u>Less</u> Accumulated depreciation	(8,849,925)	(365,002,928)	(207,910,647)	(7,875,796)	(589,639,296)
Net book amount	<u>57,143,729</u>	<u>2,056,859,893</u>	<u>822,071,359</u>	<u>19,850,551</u>	<u>2,955,925,532</u>
Year ended 31 December 2012					
Opening net book amount	57,143,729	2,056,859,893	822,071,359	19,850,551	2,955,925,532
Additions	-	8,783,949	1,035,650	-	9,819,599
Transfer from other accounts	87,993	6,598,964	-	-	6,686,957
Adjustment	-	(23,762,834)	-	-	(23,762,834)
Depreciation charge	(2,721,271)	(93,607,262)	(53,918,646)	(2,154,774)	(152,401,953)
Closing net book amount	<u>54,510,451</u>	<u>1,954,872,710</u>	<u>769,188,363</u>	<u>17,695,777</u>	<u>2,796,267,301</u>
At 31 December 2012					
Cost	66,081,647	2,413,482,900	1,031,017,656	27,726,347	3,538,308,550
<u>Less</u> Accumulated depreciation	(11,571,196)	(458,610,190)	(261,829,293)	(10,030,570)	(742,041,249)
Net book amount	<u>54,510,451</u>	<u>1,954,872,710</u>	<u>769,188,363</u>	<u>17,695,777</u>	<u>2,796,267,301</u>

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15 Goodwill

	Consolidated	
	2012 Baht	2011 Baht
At 1 January	314,602,238	115,416,847
Addition from acquisition a subsidiary	-	199,185,391
At 31 December	<u>314,602,238</u>	<u>314,602,238</u>

Goodwill arising from the acquisition of Central Restaurants Group Co., Ltd. and indirect interest in CRG International Food Co., Ltd. are Baht 115 million and Baht 199 million respectively. The Group has tested for impairment of goodwill annually by comparing the carrying amount to the recoverable amount for each cash-generating unit. This is determined based on value-in-use calculations. These calculations use a cash flow projection for 5 years and cash flows beyond the 5 year period are extrapolated using the estimated growth rates at 0.00% per annum. The discount rate after tax used in the calculation is 10.00% per annum.

16 Leasehold rights

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
At 1 January	416,540,368	480,352,132	156,610,721	224,528,588
Additions	22,876,921	57,097,545	11,317,501	10,324,381
Acquisition from investment in subsidiaries	572,267,817	-	-	-
Amortisation charge	(135,597,530)	(120,909,309)	(82,936,782)	(78,242,248)
At 31 December	<u>876,087,576</u>	<u>416,540,368</u>	<u>84,991,440</u>	<u>156,610,721</u>

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17 Other intangible assets

	Consolidated			Company
	Software licenses Baht	License Agreement Baht	Total Baht	Software licenses Baht
At 1 January 2011				
Cost	178,052,221	-	178,052,221	69,989,805
<u>Less</u> Accumulated amortisation	(70,597,504)	-	(70,597,504)	(24,931,960)
Net book amount	<u>107,454,717</u>	<u>-</u>	<u>107,454,717</u>	<u>45,057,845</u>
Year ended 31 December 2011				
Opening net book amount	107,454,717	-	107,454,717	45,057,845
Additions	13,876,731	-	13,876,731	5,956,337
Acquisition from investment in a subsidiary	19,130,155	239,926,421	259,056,576	-
Transfer from other accounts	990,474	-	990,474	912,750
Amortisation charge	(31,933,198)	(7,997,547)	(39,930,745)	(8,708,554)
Closing net book amount	<u>109,518,879</u>	<u>231,928,874</u>	<u>341,447,753</u>	<u>43,218,378</u>
At 31 December 2011				
Cost	207,382,329	239,926,421	447,308,750	76,871,188
<u>Less</u> Accumulated amortisation	(97,863,450)	(7,997,547)	(105,860,997)	(33,652,810)
Net book amount	<u>109,518,879</u>	<u>231,928,874</u>	<u>341,447,753</u>	<u>43,218,378</u>
Year ended 31 December 2012				
Opening net book amount	109,518,879	231,928,874	341,447,753	43,218,378
Additions	38,158,247	-	38,158,247	5,659,075
Acquisition from investment in a subsidiary (Note 32)	923,760	-	923,760	-
Disposals, net	(4,940,610)	-	(4,940,610)	(54,644)
Transfer from other accounts	1,208,230	-	1,208,230	3,697,849
Adjustment	(7,356,270)	-	(7,356,270)	(6,957,537)
Translation adjustment	(26,484,470)	(23,992,642)	(50,477,112)	(8,897,033)
Amortisation charge	(1,288)	-	(1,288)	-
Closing net book amount	<u>111,026,478</u>	<u>207,936,232</u>	<u>318,962,710</u>	<u>36,666,088</u>
At 31 December 2012				
Cost	235,440,994	239,926,421	475,367,415	78,020,280
<u>Less</u> Accumulated amortisation	(124,414,516)	(31,990,189)	(156,404,705)	(41,354,192)
Net book amount	<u>111,026,478</u>	<u>207,936,232</u>	<u>318,962,710</u>	<u>36,666,088</u>

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18 Other non-current assets

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Receivable from reciprocation agreement on hotel construction and renovation	-	15,324,309	-	15,324,309
Deposits	349,515,306	308,047,101	8,427,634	9,551,508
Advance payment for construction land and equipment	59,089,077	129,781,000	9,264,320	81,300,161
Prepaid car park service	87,914,434	92,310,156	-	-
Others	200,668,868	187,416,661	858,331	13,615,795
Total	697,187,685	732,879,227	18,550,285	119,791,773

On 28 December 2004, the Company entered into a reciprocation agreement with Duangtawan Hotel Co., Ltd. (“CDC”), under hotel improvement regarding the construction and renovation of CDC, according to the details and related documents for the development and improvement of the infrastructure of the hotel of not exceeding Baht 50 million, repayable within 5-year period commencing from the agreement date. The said amount is guaranteed by pledging share of CDC and guaranteed by a person who is both shareholder and director of CDC. Compensation fee is charged quarterly at MLR of a commercial bank minus 1%. As at 31 December 2012, there is no the receivable under the said reciprocation agreement (2011: Baht 15.3 million).

19 Borrowings

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Current				
Bank overdrafts	59,441,615	87,865,027	7,315,474	48,331,463
Short-term borrowings from financial institutions	2,540,000,000	1,830,000,000	2,400,000,000	1,650,000,000
Current portion of long-term borrowings				
Financial institutions	958,000,000	408,000,000	588,000,000	288,000,000
Current portion of debentures	1,399,862,968	1,598,966,615	1,399,862,968	1,598,966,615
Current portion of equity of unit holder				
in property fund	62,000,000	62,000,000	-	-
Short-term loans from others	61,065,935	-	-	-
Short-term loan from related parties	-	6,000,000	749,000,000	70,000,000
	<u>5,080,370,518</u>	<u>3,992,831,642</u>	<u>5,144,178,442</u>	<u>3,655,298,078</u>
Non-Current				
Long-term from financial institutions	5,143,150,930	2,718,000,000	1,430,000,000	2,018,000,000
Debentures	1,799,117,717	3,199,049,302	1,799,117,717	3,199,049,302
Equity of unit holder in property fund	31,000,000	93,000,000	-	-
	<u>6,973,268,647</u>	<u>6,010,049,302</u>	<u>3,229,117,717</u>	<u>5,217,049,302</u>
Total borrowings	12,053,639,165	10,002,880,944	8,373,296,159	8,872,347,380

The borrowings include secured liabilities in a total amount of Baht 4,284 million (2011: Baht 1,826 million). The bank borrowings are secured over a part of the land and buildings of the Group (Note 13). Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

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19 Borrowings (Cont'd)

The interest rate exposure on the borrowings of the Group and the Company is as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Borrowings:				
- at fixed rates	4,660,046,620	3,855,049,052	5,347,980,685	3,919,049,302
- at floating rates	7,393,592,545	6,147,831,642	3,025,315,474	4,953,298,078
Total borrowings	<u>12,053,639,165</u>	<u>10,002,880,944</u>	<u>8,373,296,159</u>	<u>8,872,347,380</u>

Maturity of long-term borrowings are as follow:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Within 1 year	958,000,000	408,000,000	588,000,000	288,000,000
After 1 year but within 5 years	4,567,382,450	2,432,000,000	1,430,000,000	1,952,000,000
Over 5 years	575,768,480	286,000,000	-	66,000,000
	<u>6,101,150,930</u>	<u>3,126,000,000</u>	<u>2,018,000,000</u>	<u>2,306,000,000</u>

Under the terms and conditions on the loan agreements, the Company need to comply with debt to equity ratio not exceed 2:1 , 2.5:1 and 2.75:1.

Long-term loans from financial institutions bear interest at market rates.

During 2011, the Company has renewed long-term loan agreement with a financial institution which had been due in 2011 amounting to Baht 500 million. The new agreement is repayable in year 2014.

Bank overdrafts and short-term loans from financial institutions, and long-term loans of the Group as at 31 December 2012 and 2011 were secured by the Group's property, plant and equipment with carrying value of Baht 3,896 million as at 31 December 2012 (2011: Baht 3,933 million).

Central Restaurants Group Co., Ltd ("CRG") entered into the agreements with three local banks to obtain various short-term credit facility lines. Under the term of the agreement, CRG shall not dispose, pledge or mortgage the existing or future property and leasehold right in an amount over the agreed amount stated in the agreements without consent from the bank.

According to the loan agreement between Central World Hotel Co., Ltd ("CWH") and a local bank, CWH shall not dispose, transfer, lease, or make any commitment in leasehold land and building and construction thereon without consent from the bank.

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19 Borrowings (Cont'd)

Debentures

	Interest rate (%)	Maturity date	Consolidated / Company	
			2012 Baht	2011 Baht
No. 1/2009, Set 2	4.55	29 July 2012	-	600,000,000
No. 2/2009	4.45	24 July 2012	-	1,000,000,000
No. 1/2010	3.50	30 September 2013	1,000,000,000	1,000,000,000
No. 2/2010	3.85	23 June 2017	500,000,000	500,000,000
No. 3/2010	3.85	29 June 2017	500,000,000	500,000,000
No. 4/2010	3.40	3 September 2013	400,000,000	400,000,000
No. 1/2011	4.86	29 March 2016	500,000,000	500,000,000
No. 2/2011	4.75	29 March 2016	300,000,000	300,000,000
			3,200,000,000	4,800,000,000
Deferred expense in issuing debenture			(1,019,315)	(1,984,083)
Net			3,198,980,685	4,798,015,917
Debenture due within one year			(1,399,862,968)	(1,598,966,615)
Debenture due after one year			1,799,117,717	3,199,049,302

The debentures are in the name of specific holders, unsubordinated and without collateral.

The debenture deed contains certain restrictions and conditions relating to financial ratios, payment of dividends, decrease in paid up share capital, pledge, mortgage, and disposal of assets, which are material for business operations.

Under the terms and conditions on the prospectus, the Company need to comply with interest bearing debt to equity ratio not exceed 2:1.

As at 31 December 2012 and 2011, the Company has various interest rate swap contracts which the details of the contracts are as follows:

Conditions under previous contracts

Principal	Baht 2,000,000,000
Interest rate	Quarterly, fixed interest rate of 3.50% - 3.85% p.a.

Conditions under interest rate swaps contracts

Principal	Baht 2,000,000,000
Interest rate	Monthly, floating interest rate of MLR minus 3% p.a. Quarterly, fixed interest rate 4.65% p.a.

The above contracts are mature during 30 September 2013 to 29 June 2017.

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19 Borrowings (Cont'd)

Unit holder in Thai Pattana fund 2 equity

	Consolidated	
	2012 Baht	2011 Baht
Due within one year	62,000,000	62,000,000
Due after one year but within five years	31,000,000	93,000,000
Total	93,000,000	155,000,000

As at 31 December 2012 and 2011, unit holder equity consisted of investment of unit holder type A, (denominated in Thai Baht) which guaranteed for payment by the Company. Dividend payment for unit holders is calculated at the percentage of the latest net asset value per unit as specified in the unit holder agreement.

The carrying amounts and fair values of certain long-term borrowings are as follows:

	Consolidated			
	Carrying amounts		Fair values	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Long-term bank borrowings	5,143,150,930	2,718,000,000	5,199,044,928	2,848,934,406
Debentures	1,799,117,717	3,199,049,302	1,806,967,151	3,185,410,763
	6,942,268,647	5,917,049,302	7,006,012,079	6,034,345,169

	Company			
	Carrying amounts		Fair values	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Long-term borrowings from bank	1,430,000,000	2,018,000,000	1,476,435,015	2,098,563,005
Debentures	1,799,117,717	3,199,049,302	1,806,967,151	3,185,410,763
Liability under consignment agreement	-	122,250,000	-	127,229,301
	3,229,117,717	5,339,299,302	3,283,402,166	5,411,203,069

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19 Borrowings (Cont'd)

Borrowing facilities

The Group and the Company have the following undrawn bank overdrafts and committed borrowing facilities:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Float rate				
- expiring within one year	892,040,337	2,202,134,973	198,684,526	157,668,537
	<u>892,040,337</u>	<u>2,202,134,973</u>	<u>198,684,526</u>	<u>157,668,537</u>

20 Trade and other payables

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Trade payable - other parties	653,933,057	571,605,975	50,953,983	36,566,239
Trade payable - related parties (Note 33)	7,127,705	94,008	371,740	125,026
Amounts due to related parties (Note 33)	-	-	14,207,925	71,054,473
Other payables	101,367,090	57,694,615	35,835,210	31,665,939
Payables for purchase of building and equipment	297,027,975	285,732,425	12,285,529	80,094,567
Current portion of finance lease liabilities	24,923,895	28,448,370	11,549,557	90,823,089
Accrued expenses	741,690,270	623,181,924	95,414,713	56,957,841
Other	25,331,400	25,738,400	823,096	-
Total trade and other payables	<u>1,851,401,392</u>	<u>1,592,495,717</u>	<u>221,441,753</u>	<u>367,287,174</u>

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21 Provision for guarantee payment

Provision for guarantee payment represented guarantee under the building lease agreement which the Company and a subsidiary guarantee lease fee income of Centara Hotels & Resorts Leasehold Property Fund. Balances as 31 December 2012 and 2011 of provision for guarantee payment were as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Short-term provision for guarantee payment	56,188,542	88,917,402	28,189,791	44,609,861
Long-term provision for guarantee payment	-	15,796,620	-	7,924,505
Total	56,188,542	104,714,022	28,189,791	52,534,366

Movements during the years ended 31 December 2012 and 2011 of provision for guarantee payment were as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
At 1 January	104,714,022	119,162,103	52,534,366	59,784,203
Increase	40,391,922	73,696,402	20,265,286	36,972,250
Decrease	(88,917,402)	(88,144,483)	(44,609,861)	(44,222,087)
At 31 December	56,188,542	104,714,022	28,189,791	52,534,366

20 Other current liabilities

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Deposits	234,274,618	231,581,847	132,683,168	118,201,324
Retentions	135,879,278	156,299,321	15,574,121	37,930,618
Withholding tax and value added tax payables	36,827,970	42,458,935	32,934,638	-
Others	61,567,349	19,480,083	50,696	33,019,522
Total	468,549,215	449,820,186	181,242,623	189,151,464

23 Provision for employee benefits

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011, the Group has opted to record the entire amount of the transitional obligation as at 1 January 2011, totalling Baht 142.5 million for the Group and Baht 49.9 million for the Company, as an adjustment to retained earnings as at 1 January 2011.

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23 Provision for employee benefits (Cont'd)

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Present value of unfunded obligations	196,407,611	167,949,165	65,656,930	57,858,283
Actuarial gains	(79,152,774)	-	(20,452,650)	-
Liability in the statement of financial position	<u>117,254,837</u>	<u>167,949,165</u>	<u>45,204,280</u>	<u>57,858,283</u>

The movement in the defined obligation over the year is as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
At 1 January	167,949,165	142,502,087	57,858,283	49,903,223
Current service cost	20,150,755	21,125,789	6,494,227	6,582,557
Interest cost	7,739,574	6,969,249	2,516,017	2,317,203
Actuarial gains	(79,152,774)	-	(20,452,650)	-
Benefits paid	(2,250,042)	(2,647,960)	(1,211,597)	(944,700)
Acquisition from investment in subsidiary (Note 32)	2,818,159	-	-	-
At 31 December	<u>117,254,837</u>	<u>167,949,165</u>	<u>45,204,280</u>	<u>57,858,283</u>

The amount recognised in expenses is as follows

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Current service cost	20,150,755	21,125,787	6,494,227	6,582,557
Interest cost	7,739,574	6,969,249	2,516,017	2,317,203
Total, included in staff costs	<u>27,890,329</u>	<u>28,095,036</u>	<u>9,010,244</u>	<u>8,899,760</u>

Of the total charge, Baht 27,890,329 (2011: Baht 28,095,036) were included in administrative expenses.

The principal actuarial assumptions used were as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	%	%	%	%
Discount rate	3.6	4.0, 4.75	3.6	4.75
Inflation rate	3.5	-	3.5	-
Future salary increases	5.0	4.0 - 6.0	5.0	4.0

Mortality assumption of the mortality rate is based from Thailand mortality ordinary 2008 (TMO08) issued by the Office of the Insurance Commission.

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24 Share capital

	Consolidated/Company				
	Authorised Shares number of Shares	Issued and paid-up shares number of Shares	Ordinary shares Baht	Share premium Baht	Total Baht
At 1 January 2011	1,580,800,000	1,350,000,000	1,350,000,000	970,000,000	2,320,000,000
Issue of shares	-	-	-	-	-
At 31 December 2011	1,580,800,000	1,350,000,000	1,350,000,000	970,000,000	2,320,000,000
Issue of shares	-	-	-	-	-
Reduction of shares	(230,800,000)	-	-	-	-
At 31 December 2012	<u>1,350,000,000</u>	<u>1,350,000,000</u>	<u>1,350,000,000</u>	<u>970,000,000</u>	<u>2,320,000,000</u>

The total number of authorised ordinary shares is 1,350,000,000 shares (2011: 1,580,800,000 shares) with a par value of Baht 1 per share. The issued and paid-up shares is 1,350,000,000 shares (2011: 1,350,000,000 shares).

At the Annual General Meeting of Shareholders on 23 April 2012, the shareholders approved the reduction of the Company's registered capital from Baht 1,580,800,000 to Baht 1,350,000,000 through the elimination of the registered, but unissued of 230,800,000 shares, with a par value of Baht 1 each.

25 Legal reserve

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
At 1 January	158,080,000	158,080,000	158,080,000	158,080,000
Appropriation during the year	-	-	-	-
At 31 December	<u>158,080,000</u>	<u>158,080,000</u>	<u>158,080,000</u>	<u>158,080,000</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5 % of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

As at 31 December 2012, legal reserve of subsidiaries amounting to Baht 6,463,000 (2011: Baht 1,476,066) have been included in the unappropriated retained earnings of the consolidated financial statements.

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26 Other component of equity

	Consolidated				Total Baht
	Remeasuring of available-for- sale investment Baht	Land and building revaluation Baht	Translation adjustment Baht	Actuarial gains on employee benefits Baht	
At 1 January 2011	240,107	1,591,972,406	-	-	1,592,212,513
Depreciation transfer	-	(43,664,422)	-	-	(43,664,422)
Loss on remeasuring of available-for-sale investments	(15,925)	-	-	-	(15,925)
At 31 December 2011	224,182	1,548,307,984	-	-	1,548,532,166
At 1 January 2012	224,182	1,548,307,984	-	-	1,548,532,166
Revaluation	-	2,190,554,890	-	-	2,190,554,890
Revaluation transfer	-	(42,722,481)	-	-	(42,722,481)
Gain on remeasuring of available-for-sale investments	239,312	-	-	-	239,312
Currency translation difference	-	-	(21,620,634)	-	(21,620,634)
Actuarial gains	-	-	-	76,395,306	76,395,306
At 31 December 2012	463,494	3,696,140,393	(21,620,634)	76,395,306	3,751,378,559

	Company		
	Land and building revaluation Baht	Actuarial gains on employee benefits Baht	Total Baht
At 1 January 2011	818,534	-	818,534
Revaluation transfer	(30,242)	-	(30,242)
At 31 December 2011	788,292	-	788,292
At 1 January 2012	788,292	-	788,292
Revaluation	1,185,897,250	-	1,185,897,250
Revaluation transfer	(33,984)	-	(33,984)
Actuarial gains	-	20,452,650	20,452,650
At 31 December 2012	1,186,651,558	20,452,650	1,207,104,208

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27 Other income

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Interest income	33,073,417	19,388,809	205,964,922	205,819,493
Management income	163,479,752	136,465,568	381,431,461	285,525,074
Gain on business acquisition (Note 32)	146,029,477	-	-	-
Gain on re-measuring to fair value of investments (Note 32)	312,138,587	-	-	-
Rental and other services income	38,294,215	28,536,878	4,740,000	8,449,113
Subsidy	28,998,177	21,138,924	-	-
Gain on insurance claim	57,116,555	-	-	-
Sale of used oil	20,669,005	18,400,224	-	-
Others	76,768,684	72,492,268	53,630,806	28,481,540
Total other income	876,567,869	296,422,671	645,767,189	528,275,220

28 Finance cost

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Interest expense:				
Related parties	-	-	17,287,894	12,727,966
Financial institutions and debenture holders	479,156,903	402,952,690	369,444,874	329,449,996
Unit holders in property fund's	7,185,245	11,119,869	-	-
Net	486,342,148	414,072,559	386,732,768	342,177,962

29 Expenses by nature

The following expenditure items, classified by nature, have been charged in arriving at operating profit:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Cost of food and beverage used	3,815,375,727	2,992,116,006	308,824,983	197,177,469
Staff costs	1,719,892,862	2,178,824,461	432,570,489	594,592,747
Royalty fee	1,259,288,715	434,743,036	-	4,375,187
Land and building rental	811,876,792	446,264,608	192,936,783	188,242,248
Depreciation and amortisation	1,482,902,651	1,455,609,771	316,311,104	282,168,585

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30 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares (see Note 24).

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Earnings (Baht)				
Net profit attributable to ordinary shareholders of the company	1,576,060,744	550,385,018	775,488,091	130,083,854
Weighted average number of ordinary shares outstanding (Shares)	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000
Basic earnings per share (Baht per share)	1.17	0.41	0.57	0.10

There are no potential dilutive ordinary shares in issue for the years ended 2012 and 2011.

31 Dividends per share

At the Annual General Meeting of Shareholders on 23 April 2012, the shareholders approved the declaration of the annual dividend for the year 2012 at Baht 0.15 each (2011: Baht 0.05), totalling Baht 202.5 million (2011: Baht 67.5 million). The dividends were paid on 21 May 2012.

32 Business Acquisition

Karon Phuket Hotel Co., Ltd.

On 27 February 2012, the Group additionally acquired the investment portion of 33.92%, (existing portion is 50.00%), totalling Baht 179.19 million of the share capital of Karon Phuket Hotel Co., Ltd. from the one of shareholder who desires to exit from the business. The investment in Karon Phuket Hotel Co., Ltd. changed from “Interests in joint venture” to “Investment in subsidiary” at the date that the Group has control of this entity. The group recognised a gain of Baht 287.59 million as a result of measuring at fair value of investment held before the business acquisition. The gain is included in other income in the group’s statement of comprehensive income. The acquired companies generated revenue of Baht 281.68 million and net income of Baht 67.43 million to the Group for the period from 1 March 2012 to 31 December 2012. If the acquisition had occurred on 1 January 2012, the Group’s revenue would have been of Baht 380.57 million, and net income would have been of Baht 115.49 million.

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32 Business Acquisition (Cont'd)

Karon Phuket Hotel Co., Ltd. (Cont'd)

Details of net assets acquired are as follows:

	Baht Million
Purchase consideration	
Purchase price	179.19
Fair value of investment held before business acquisition	532.04
Fair value of net assets acquired (see below)	<u>(857.26)</u>
Gain from business acquisition present in other income	<u>(146.03)</u>
Cash and cash equivalents	12.16
Amount due from related parties	0.43
Trade and other receivables	38.43
Inventories	3.24
Loans to related parties	116.00
Other current assets	2.89
Property, plant and equipment, net	1,512.00
Intangible assets, net	0.17
Refundable deposit	3.38
Trade and other payables	(37.05)
Amount due to related parties	(11.91)
Accrued expenses	(4.57)
Other current liabilities	(5.82)
Borrowings from financial institutions	(605.00)
Employees benefit obligations	<u>(2.82)</u>
Fair value of net assets	1,021.53
Non-controlling interests	<u>(164.27)</u>
Fair value of net assets acquired	<u>857.26</u>

32 Business Acquisition (Cont'd)

Centara Maldives Pvt. Ltd.,

On 7 June 2012, the Group additionally acquired the investment portion of 25.00%, (existing portion is 50.00%) of the share capital of Centara Maldives Pvt. Ltd., totalling Baht 157.38 million (USD 5 million) for business expansion in overseas purpose. This made the Group increase the investment portion to 75.00%. As a result, the investment in Centara Maldives Pvt. Ltd. changed from "Interest in joint venture" to "Investment in subsidiary". The group recognised a gain of Baht 24.55 million as a result of measuring at fair value of investment held before the business acquisition. The gain is included in other income in the group's statement of comprehensive income. At the date that the Group had control over this entity, the acquired company generated revenue of Baht 2.2 million and net loss at Baht 50.54 million to the Group for the period from 1 June 2012 to 31 December 2012. If the acquisition had occurred on 1 January 2012, the Group's revenue would have been Baht 3.00 million, and net loss would have been Baht 50.49 million.

Details of net assets acquired are as follows:

	Baht Million
Purchase consideration	
Purchase price	157.38
Fair value of investment held before business acquisition	314.74
Fair value of net assets acquired (see below)	<u>(435.29)</u>
Purchases price over net assets presented in expense	<u>36.83</u>
Cash and cash equivalents	41.59
Trade and other receivables	81.55
Other current assets	2.81
Property, plant and equipment, net	232.97
Leasehold rights	243.77
Other non-current assets	0.70
Trade and other payables	(0.50)
Amount due to related parties	(4.98)
Accrued expenses	(0.08)
Other current liabilities	(0.20)
Other non-current liabilities	<u>(17.24)</u>
Fair value of net assets	580.39
Non-controlling interests	<u>(145.10)</u>
Fair value of net assets acquired	<u>435.29</u>

Net assets from acquisition of investment in Centara Maldives Pvt. Ltd. are stated at the net book value of the date of acquisition. Since the Group just started the operation and in the process of construction the hotel thus the book value considered closed to fair value, the group uses the difference between net book value of investment and net book value of net assets acquired to record in expense.

32 Business Acquisition (Cont'd)

R.M.L. Leisure Pvt. Ltd.

On 3 December 2012, the Group additionally acquired in the investment portion of 49.00%, (existing portion is 25.00%) of the share capital of R.M.L. Leisure Pvt. Ltd., totalling Baht 264.61 million (USD 8.6 million) for business expansion in overseas purpose. This made the Group increase the investment portion to 74.00%. The investment in R.M.L. Leisure Pvt. Ltd. changed from "Investment in associate" to "Investment in subsidiary" at the date that the Group has control of this entity, the acquired company generated revenue of Baht 68.10 million and net income at Baht 9.77 million to the Group for the period from 1 December 2012 to 31 December 2012. If the acquisition had occurred on 1 January 2012, the Group's revenue would have been Baht 672.44 million, and net loss would have been Baht 22.74 million.

Details of net assets acquired are as follows:

	Baht Million
Purchase consideration	
Purchase price	264.61
Book value of investment held before business acquisition	69.67
Book value of net assets acquired (see below)	<u>(334.28)</u>
Purchases price over book value	<u>-</u>
Cash and cash equivalents	45.45
Trade and other receivables	66.56
Inventory	16.91
Property, plant and equipment, net	1,887.72
Other non-current assets	4.71
Trade and other payables	(217.41)
Loans	(1,246.31)
Accrued expenses	(59.51)
Other current liabilities	<u>(46.39)</u>
Book value of net assets	451.73
Non-controlling interests	<u>(117.45)</u>
Book value of net assets acquired	<u><u>334.28</u></u>

Net assets from acquisition of investment in R.M.L. Leisure Pvt. Ltd., are stated at the net book value of the date of acquisition. The Group is in the process of appraising the fair value of tangible and intangible assets and liabilities and the adjustments to fair value will be done. The difference between net book value and net fair value will be adjusted with goodwill.

33 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is ultimate parent company.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

33.1) Incomes and expenses

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Subsidiaries:				
Rental income	-	-	4,140,000	4,140,000
Interest income	-	-	202,825,833	202,942,628
Management fee income	-	-	353,125,086	198,245,463
Dividend income	-	-	524,581,217	310,526,272
Interest expense	-	-	17,287,894	12,727,966
Other expenses	-	-	2,646,560	2,646,514
Rental expense	-	-	120,147,204	120,147,204
Joint ventures:				
Management fee income	19,374,206	31,825,334	19,374,206	31,825,334
Interest income	2,460,000	2,461,790	2,460,000	2,461,790
Other income	25,000,000	2,903,533	-	-
Associates:				
Dividend income	71,492,030	76,406,296	71,492,030	76,406,296
Interest income	15,372,829	15,774,135	-	-
Management fee income	32,358,298	33,996,269	-	-
Rental expense	225,000,000	225,000,000	-	-
Loss from guarantee provision	40,391,921	73,696,403	20,265,286	36,972,250
Entities controlled by ultimate shareholders				
Rental income	14,279,196	14,279,196	-	-
Management fee income	10,403,892	2,095,309	1,331,586	2,095,309
Other income	23,692,911	17,159,481	-	-
Rental expense	118,177,661	108,497,669	89,273,243	80,959,726
Electricity expense	39,674,729	36,142,027	39,674,729	36,142,027
Management fees expense	-	19,327,722	-	3,593,496
Other service fees	13,167,007	8,081,963	-	-

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33 Related party transactions (Cont'd)

33.2) Receivables and payables

Balances as at 31 December 2012 and 2011 with related parties were as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Receivables from:				
Subsidiaries	-	-	167,693,521	51,385,195
Entities controlled by ultimate shareholders	63,531,938	107,788,208	3,893,749	5,137,904
Total	63,531,938	107,788,208	171,587,270	56,523,099

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Payables to:				
Subsidiaries	-	-	14,207,925	71,054,473
Entities controlled by ultimate shareholders	7,127,705	94,008	371,740	125,026
Total	7,127,705	94,008	14,579,665	71,179,499

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33 Related party transactions (Cont'd)

33.3) Loans to related parties

	Interest rate (%)		Consolidated		Company	
			2012	2011	2012	2011
	2012	2011	Baht	Baht	Baht	Baht
Short-term loans						
Subsidiaries						
Central Krabi Bay Resort Co., Ltd.	4.75	4.75	-	-	153,900,000	179,000,000
Central World Hotel Co., Ltd.	4.75	4.75	-	-	284,700,000	226,400,000
S.P. Realty Pattaya Beach Co., Ltd.	4.75	4.75	-	-	24,000,000	23,000,000
Triplenine Decor Co., Ltd.	4.75	4.75	-	-	2,250,000	2,250,000
Associate						
R.M.L Leisure Pvt. Ltd.	-	10.00	-	167,495,000	-	-
Short-term loans to related parties			-	167,495,000	464,850,000	430,650,000

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33 Related party transactions (Cont'd)

33.3) Loans to related parties (Cont'd)

	Interest rate (%)		Consolidated		Company	
			2012	2011	2012	2011
			Baht	Baht	Baht	Baht
Long-term loans						
Subsidiaries						
Central Samui Hotel Management Co., Ltd.	4.75	4.75	-	-	275,000,000	184,000,000
Central Karon Village Co., Ltd.	4.75	4.75	-	-	117,000,000	124,500,000
Central Hotel Management Co., Ltd.	4.75	4.75	-	-	137,000,000	154,000,000
Central Krabi Bay Resort Co., Ltd.	4.75	4.75	-	-	455,100,000	463,000,000
Central World Hotel Co., Ltd.	4.75	4.75	-	-	1,559,800,000	1,905,600,000
S.P. Realty Had Farang Co., Ltd.	4.75	-	-	-	300,000	-
Centara International Management Co., Ltd.	4.75	4.75	-	-	1,155,500,000	449,500,000
Central Samui Beach Resort Co., Ltd.	4.75	4.75	-	-	-	740,000,000
Joint ventures						
Kata Phuket Hotel Co., Ltd.	6.00 - 6.50	6.00	157,000,000	41,000,000	41,000,000	41,000,000
Associate						
R.M.L Leisure Pvt. Ltd.	-	0.00	-	55,213,375	-	-
Long-term loans to related parties			157,000,000	96,213,375	3,740,700,000	4,061,600,000

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33 Related party transactions (Cont'd)

33.3) Loans to related parties (Cont'd)

Movements during the years ended 31 December 2012 and 2011 of loans to related parties were as follows:

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Subsidiaries				
At 1 January	-	-	4,451,250,000	4,131,676,105
Increase	-	-	1,951,300,000	2,312,500,000
Decrease	-	-	(2,238,000,000)	(1,992,926,105)
At 31 December	-	-	4,164,550,000	4,451,250,000
Joint ventures				
At 1 January	41,000,000	41,000,000	41,000,000	41,000,000
Acquisition of a subsidiary	116,000,000	-	-	-
At 31 December	157,000,000	41,000,000	41,000,000	41,000,000
Associate				
At 1 January	222,708,375	220,006,025	-	-
Reclassify to indirect subsidiary	(222,708,375)	-	-	-
Unrealised gain on exchange	-	2,702,350	-	-
At 31 December	-	222,708,375	-	-
Total loans to related parties				
At 1 January	263,708,375	261,006,025	4,492,250,000	4,172,676,105
Increase	-	-	1,951,300,000	2,312,500,000
Acquisition of a subsidiary	116,000,000	-	-	-
Decrease	-	-	(2,238,000,000)	(1,992,926,105)
Reclassify to indirect subsidiary	(222,708,375)	-	-	-
Unrealised gain on exchange	-	2,702,350	-	-
At 31 December	157,000,000	263,708,375	4,205,550,000	4,492,250,000

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33 Related party transactions and balances (Cont'd)

33.4) Loans from related parties (Cont'd)

	Interest rate (%)		Consolidated		Company	
			2012	2011	2012	2011
	2012	2011	Baht	Baht	Baht	Baht
Short-term loans						
Subsidiaries						
Centara International Management (Thailand) Co., Ltd.	3.00 - 4.75	1.85 -3.00	-	-	72,500,000	25,000,000
Central Hua Hin Beach Resort Co., Ltd.	1.75 - 3.00	3.00 - 4.75	-	-	10,000,000	45,000,000
Cosi Hotels Co., Ltd.	3.00 - 4.75	-	-	-	5,000,000	-
Central Samui Beach Resort Co., Ltd.	4.75	-	-	-	661,500,000	-
Joint venture						
Centara Maldives Pvt. Ltd.	-	4.75	-	6,000,000	-	-
Total			-	6,000,000	749,000,000	70,000,000

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33 Related party transactions and balances (Cont'd)

33.4) Loans from related parties (Cont'd)

Movements during the year ended 31 December 2012 and 2011 of short-term loans from related parties were as follows:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Short-term loans from related parties				
At 1 January	6,000,000	-	70,000,000	821,500,000
Increase	-	6,000,000	1,426,500,000	117,000,000
Decrease	(6,000,000)	-	(747,500,000)	(868,500,000)
At 31 December	-	6,000,000	749,000,000	70,000,000

33.5) Provision for guarantee payment

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Short-term provision for guarantee payment	56,188,542	88,917,402	28,189,791	44,609,861
Long-term provision for guarantee payment	-	15,796,620	-	7,924,505
Total	56,188,542	104,714,022	28,189,791	52,534,366

33.6) Liability under consignment agreement

The outstanding amount due to Thai Pattana Fund II matured as follows:

	Company					
	2012			2011		
	Amount due	Deferred expenses	Net	Amount due	Deferred expenses	Net
Within 1 year	122,250,000	(5,523,557)	116,726,443	81,500,000	(5,660,504)	75,839,496
Later than 1 year, but not later than 5 years	-	-	-	122,250,000	(5,523,557)	116,726,443
Total	122,250,000	(5,523,557)	116,726,443	203,750,000	(11,184,061)	192,565,939

33.7) Key management personnel compensation

Key management personnel compensation comprised:

	Consolidated		Company	
	2012 Baht	2011 Baht	2012 Baht	2011 Baht
Short-term employee benefits	39,080,543	45,925,688	38,720,543	45,595,688
Post-employment benefits	603,501	875,538	603,501	875,538
Total	39,684,044	46,801,226	39,324,044	46,471,226

33 Related party transactions and balances (Cont'd)

33.8) Long-term contracts

Long-term lease agreement

The Company

Under the terms of a reciprocal agreement entered into with Central International Development Co., Ltd. ("CID") who entered into long-term land lease agreement with State Railway of Thailand ("SRT"), the Company was granted the right to construct a hotel building on the leased property of Central International Development Co., Ltd. and to operate the hotel for the Company's benefits up to 18 December 2008. This agreement is renewable for period of 10 years each. The Company is committed to make payments for this right totaling approximately Baht 73.7 million payable in various installments up to 2008.

On 26 March 2003, CID entered into a memorandum of understanding with SRT in which the said related company agreed to pay certain compensation on lease agreement as mutually agreed with SRT. The Company agreed to share the said compensation for the total amount of approximately Baht 65 million to be paid in 8 installments; the first installment was paid on 31 March 2003 and the last installment will be paid by 18 December 2008.

Transfer of assets to State Railway of Thailand

As at 18 December 2008 which was the expiration date of the said reciprocation agreement, the Company was required to transfer the construction on sub-lease land, fixtures and improvements, including part of equipment to SRT. The net book value at the expiration date of agreement was Baht 23.9 million, resulting the Company incurred loss from disposal assets at the same amount.

On 9 December 2008 CID entered into a new land and/or building lease agreement of 20 years lease term with SRT. The Company then signed the memorandum of agreement with CID in order to preserve and affirm of undertaking the right to enter into the new sub-lease agreement with CID. Company has to pay the guarantee deposit on land and/or building lease agreement of Central Plaza Hotel at Ladprao, in the amount of Baht 95 million on the day which CID entered into lease agreement with SRT.

In 2009, the Company entered into a sub-lease agreement with Central International Development Co., Ltd. ("sub-lessor") for the sub-leasing of Sofitel Centara Grand Bangkok Hotel's building (Formerly Central Plaza Ladprao Hotel) and hotel building improvements including durable goods for a period of 20 years. The lease will expire on 18 December 2028. The Company was required to pay the sub-lessor of Baht 2,556 million for the sub-leasing right and annual rent for the whole lease term. During 2009, the Company recorded sub-leasing right and annual rent of Baht 361 million as leasehold right in the consolidated and separate balance sheets (see note 16). In addition, the Company was required to pay durable goods rental fee totalling Baht 31 million for the whole lease term. The Company recorded durable goods rental fee as asset under finance lease (see note 14).

Leased assets, which the Company has renovated, improved or constructed, altered, added, maintained or rebuilt, will be transferred to SRT as soon as the said activities are completed. In addition, the Company has to return leased supplies according to the list in the lease agreement in a manner which appropriate to their condition and useful lives to SRT at the end of the lease agreement.

33 Related party transactions and balances (Cont'd)

33.8) Long-term contracts (Cont'd)

Long-term lease agreement (Cont'd)

Subsidiaries (Cont'd)

Centara Grand Beach Resort Samui Project

Agreements between Central Plaza Hotel Public Co., Ltd., its subsidiaries and Thai Pattana Fund I

On 12 December 2002, Central Samui Beach Resort Co., Ltd., ("CSBR") entered into a purchase and sales agreement with Thai Pattana Fund I ("TP1") in which CSBR agreed to sell a hotel building and furniture for hotel operations to TP1. CSBR also entered into a leaseback agreement with TP1 on the same date for a three years period from the agreement date. The leaseback agreement can be renewed for three-year periods. In addition, on 12 December 2002, CSBR entered into a land lease agreement with TP1 for a 15 years period. Under this agreement, TP1 as the owner of the hotel buildings which are located on the leased land, agreed to sell the said hotel buildings including furniture back to CSBR on the transfer of the building ownership date. The transfer of building ownership will be made when CSBR has made full repayment for repurchase of the hotel buildings and furniture to TP1 as stated in the agreement.

TP1 hired CSBR as property manager according to property management agreement dated 12 December 2002 for a 15 years period. As guarantee for the repayment and compliance with related agreements, CSBR had mortgaged land, which is the location of the leased assets, and Central Plaza Hotel Public Co., Ltd. ("CPH") had provided a guarantee letter to TP1 for repayment and compliance with the building lease agreement and property management agreement.

On 26 September 2008, CSBR and TP1 arranged a memorandum of agreement for termination of agreements which CSBR and TP1 agreed to terminate the land lease agreement, the building lease agreement, the property management agreement and the mortgage of land. All the said agreements were ceased on the day that the memorandum of agreement was signed. In addition, CSBR agreed to buy and TP1 agreed to sell furniture and equipments remained in the hotel building as at the date in the memorandum of agreement, in the amount of Baht 1 million. TP1 agreed to transfer rights and deliver the said furniture and equipment to CSBR and CSBR paid for the said furniture and equipment to TP1 on the date of the memorandum of agreement. And on the same date, CPH and TP1 arranged a memorandum of agreement to annul the guarantee letter, dated 12 December 2002, which CPH had prepared for TP1 for a guarantee of debt repayment of CSBR under the property management agreement, building lease agreement and land lease agreement.

On 26 September 2008, TP1 sold the hotel building to CPH since CSBR did not exercise its right to buy the hotel building under the land lease agreement dated 12 December 2002. TP1 received Baht 1,450 million from sale of the building.

Agreements between Central Plaza Hotel Public Co., Ltd., its subsidiaries and Centara Hotels & Resorts Leasehold Property Fund

On 25 September 2008, Central Plaza Hotel Public Company Limited and its subsidiary entered into agreements relating to land and hotel building of Centara Grand Beach Resort Samui Hotel (formerly: Central Samui Beach Resort Hotel) with Centara Hotels & Resorts Leasehold Property Fund ("CTARAF"), in the following matters

33 Related party transactions and balances (Cont'd)

33.8) Long-term contracts (Cont'd)

Long-term lease agreement (Cont'd)

Subsidiaries (Cont'd)

Centara Grand Beach Resort Samui Project (Cont'd)

1 Central Samui Beach Resort Co., Ltd. (“CSBR”) entered into the land lease agreement with CTARAF for lease the land to CTARAF for the period of 30 years commencing from the date on which both parties register the lease agreement (26 September 2008). CTARAF agreed to pay the land lease fee in the total amount of Baht 1,500 million with full payment on the date on which the lease was registered. CSBR recognised such proceeds from lease as deferred income in its balance sheet and amortises to income using the straight line method over the lease term of 30 years. As at 31 December 2012, the balance of deferred income in consolidated financial statements, net of amortisation of Baht 50.0 million (2011: Baht 50.0 million) was Baht 1,286.7 million (2011: Baht 1,336.7 million).

2 Central Plaza Hotel Public Company Limited (“CPH”) entered into the property lease agreement with Centara Grand Beach Resort Samui Hotel, including the utility facilities and related equipment with CTARAF in order to lease to CTARAF for the period of 30 years commencing from the date that both parties registered the lease agreement (26 September 2008). CTARAF agreed to pay the property lease fee in the total amount of Baht 1,510 million with full payment on the date on which the lease was registered. CPH recognised such proceeds from lease as deferred income in its balance sheet in separate financial statements and amortises to income using the straight line method over the lease term of 30 years. As at 31 December 2012, the balance of deferred income net of amortisation of Baht 50.3 million (2011: Baht 50.3 million) was Baht 1,295.4 million (2011: Baht 1,345.7 million).

Under the property lease agreement, CPH agreed and guaranteed that, in the period of four years from the registry date of lease, CTARAF would receive lease fee income from the lease assets in the amount not less than the accumulated guaranteed lease fee specified in the agreement. If CTARAF receives the accumulated lease fee income less than the accumulated guaranteed lease fee as in the agreement, CPH agreed to pay CTARAF the difference between the accumulated lease fee income of the fund and the accumulated guaranteed lease fee income.

On 1 December 2008, CPH and CSBR entered into the agreement regarding guarantee CTARAF lease fee income. CSBR as a land lessor which mutually get benefits from CTARAF on lease agreement, to be the co-guarantor in guarantee CTARAF lease fee income. In case CPH have to pay any payments to CTARAF under the above guarantee agreement, CSBR agree to pay partial guarantee payment to CPH according to the rate specified in the agreement.

In the Company’s separate financial statements, CPH recognised loss from guarantee provision in the amounts of Baht 20.3 million (2011: Baht 37 million) in the statements of comprehensive income for the year ended 31 December 2012, whereby as at 31 December 2012, provision for guarantee payment in the balance sheets is totaling Baht 28.2 million (2011: Baht 52.5 million). In the consolidated financial statements, CPH and CSBR recorded loss from guarantee provision totaling Baht 40.4 million (2011: Baht 73.7 million) in the consolidated statements of comprehensive income for the year ended 31 December 2012, whereby as at 31 December 2012, provision for guarantee payment in the consolidated statements of financial position is totaling Baht 56.2 million (2011: Baht 104.7 million) (see note 21).

If CTARAF wished to renew the land lease agreement and building lease agreement as in No.1 and No. 2 above when the lease period was due, CTARAF has to state its intention to CSBR and CPH, depending on the case, in writing within the 26th year from the first year of the lease period and both parties negotiate and finalise the details for renewal of lease agreement within the 27th year

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from the first year of the lease period.

33 Related party transactions and balances (Cont'd)

33.8) Long-term contracts (Cont'd)

Long-term lease agreement (Cont'd)

Subsidiaries (Cont'd)

Centara Grand Beach Resort Samui Project (Cont'd)

- 3 CSBR entered into the agreement for sale of furniture and equipment installed / used within the Centara Grand Beach Resort Samui Hotel with CTARAF, under which CTARAF agreed to pay for rights transferring of the said furniture and equipment in the amount of Baht 80 million (including VAT) by making a full payment on the day that the rights are transferred (26 September 2008).
- 4 CTARAF entered into the sub-lease agreement of Centara Grand Beach Resort Samui Hotel with Central Samui Hotel Management Co., Ltd. ("CSHM") for lease the land, building and utility facility and relating equipment, and furniture and equipment to CSHM to use in operating the hotel business. The lease term is three years commencing from 26 September 2008. CTARAF promised to CSHM that CSHM is able to lease the assets for another three years since the end of the lease term. CSHM must inform the fund for exercise of the promised right in writing not less than 6 months before the end the lease term. According to this agreement, CSHM agreed to pay a monthly lease fee comprise of fixed lease fee in the amount of Baht 225 million per annum and variable lease fee calculating from percentage as enumerate in the agreement of revenue after deduction of costs and operating expenses, other expenses and fixed rental.

According to the sub-lease agreement and other relating agreements, CSHM must comply with the conditions stipulated in the agreement such as submission of documents and other information specified in the agreement, opening and maintaining of various bank accounts including transfer of rights over the said bank accounts to CTARAF, without the increase of additional debt, selling, disposing, lease, forming a commitment in part or all of assets, loaning to, investing, except for the consent in writing from CTARAF is granted.

Central Wong Amat Beach Resort, Pattaya

On 23 December 2003, Central International Development Co., Ltd. ("the Consignor") entered into a consignment agreement of land and building with Thai Pattana Fund 2 ("the Consignee") and other party as another consignor had entered into a consignment agreement of land with Thai Pattana Fund 2 ("the Consignee") for Central Hua Hin Beach Resort Co., Ltd. ("CHBR") to lease and operate the hotel business, the contracting parties of which agreed with the consignors or Central Hua Hin Beach Resort Co., Ltd. or Central Plaza Hotel Public Company Limited, either of which will have the right to redeem the assets on consignment from the consignee at the redeemable price stipulated in the agreement within 10 years counting from the registration date of the ownership transfer or in the case of the one who has the right to redeem wishing to finalize the redemption of the assets on consignment prior to 10 years' period will have to notify the consignee in writing, in advance not less than 30 days before the next installment is due.

On 18 December 2003, both consignors issued the renounce letter for the right to redeem the assets on consignment to Central Hua Hin Beach Resort Co., Ltd. and Central Plaza Hotel Public Company Limited.

As guarantee for the repayment and compliance with this agreement, Central Plaza Hotel Public Co., Ltd. has prepared a guarantee letter for the repayment of CHBR to Thai Pattana Fund 2.

On 1 March 2006, CHBR issued the renounce letter for the right to redeem the assets on consignment for the Company only.

33 Related party transactions and balances (Cont'd)

33.8) Long-term contracts (Cont'd)

Long-term lease agreement (Cont'd)

Subsidiaries (Cont'd)

Central Wong Amat Beach Resort, Pattaya (Cont'd)

On 23 December 2003, Central Hua Hin Beach Resort Co., Ltd. ("CHBR") entered into a land and hotel buildings lease agreement of Central Wong Amat Beach Resort, Pattaya ("Hotel Buildings") with Thai Pattana Fund 2 ("The Fund") to operate the hotel business for a period of 10 years, starting from 23 December 2003 onwards. Thus, CHBR agreed to pay the rent, on a semi-annual basis, by instalments of Baht 55 million each. The lease rate will be in force for the lease period starting from the date of signing the agreement until 28 February 2007, after which the contracting parties will adjust the rental as appropriate. The first payment of rent was due on 26 August 2004 to cover the lease period from 23 December 2003 until 31 August 2004 and the next payment is due on the third working day before the end of February and August of each year. The last payment of rent will be made upon termination or ending of the agreement, in the amount calculated based on the actual number of days counting from the date following the preceding payment of rent until the end of the agreement.

The Company's land title deed with carrying value of Baht 772 million, as at 31 December 2012 and 2011, was under the name of Thai Pattana Fund 2, the consignee. This land relates to Central Wong Amat Beach Resort Project, Pattaya.

In addition, CHBR agreed to build a building or other construction on the leased land in order to add value to the land and hotel buildings as compensation to the Fund for agreeing with CHBR to lease the assets and, one year after the beginning of the lease period, CHBR agreed to renovate and/or consider to renovate the hotel building to improve the value of leased assets and the suitability of its hotel business.

On 1 March 2006, the Company entered into a leasehold rights transfer agreement with CHBR and the Fund. The transfer agreement granted the Company the leaseholder rights and responsibilities under land and hotel buildings lease agreement.

Central World Hotel Co., Ltd.

On 28 April 2005, Central World Hotel Co., Ltd. ("CWH"), entered into a sublease of hotel land and building with Thai Business Fund 4 ("the Fund") to develop and to operate a hotel or other related businesses. CWH is required to pay rental in advance and annual rental fee of totalling Baht 1,188.8 million to the Fund up to the end of the agreement on 22 December 2032. CWH paid the rental in advance upon signing the agreement of Baht 275 million. During 2012, CWH paid the annual rent of Baht 15.8 million (2011: Baht 15.8 million) which was recorded as leasehold right in the consolidated statements of financial position (see not 16).

The above agreement also specified CWH to transfer the rights on buildings and constructions thereon which CWH repair and maintenance or construct on the sub-lease land to the land owner, the Crown Property Bureau, at the date of those repair and maintenance or construction would be completed.

As at 31 December 2012, CWH has not transferred the rights on buildings and constructions thereon to the land owner, as CWH obtained approval for an extension period for development and hotel buildings construction and consequence will transfer buildings and construction rights to the owner within the year 2013.

33 Related party transactions and balances (Cont'd)

33.8) Long-term contracts (Cont'd)

Long-term service agreements

The Company

On 1 July 2004, the Company entered into management agreements with its subsidiaries, effective from 1 January 2004. Management fee would be paid on a quarterly basis. The parties to the agreement have the right to amend the agreement, as detailed below:

- The Company entered into management agreements with its seven subsidiaries in the hotel group to manage the hotel operations. Under the said agreements, the Company would receive management fee based on the percentage of net sales specified in the agreements, divided into operational management fee and marketing management fee.
- The Company entered into a marketing management agreement with another subsidiary in the hotel group. Under this agreement, the Company would receive the marketing management fee at the percentage of net sales specified in the agreement.
- The Company entered into a management agreement with Central Restaurants Group Co., Ltd. ("CRG"), for the operational management of CRG. Under the said agreement, the Company would receive a monthly fixed management fee as specified in the agreement.

On 26 September 2008, the Company entered into management agreement with Central Samui Hotel Management Co., Ltd. to manage the hotel's operation for 30 years commencing from the agreement date. Under the said agreement, the Company would receive the management fee as specified in the agreement.

On 31 March 2011 and 26 May 2011, the Company entered into management agreements with Karon Phuket Hotel Co., Ltd. ("CKR") and Kata Phuket Hotel Co., Ltd. ("CKT") to manage the hotel's operation for 5 years ending March 2016 and May 2016, respectively. The agreements are automatically renewable for 5 years. Under the said agreements, the Company would receive the management fee as specified in the agreements.

On 31 January 2012, the Company entered into a service agreement with Harn Central Department Store Co., Ltd. for a period of 1 year in order to receive information and various suggestions, which are beneficial to the Company. The agreement is automatically renewable for a year. The service fee is Baht 500,000 per month with the increased by 5% for service fee from the previous year.

Subsidiaries

Central Sukhontha Hotel Co., Ltd. ("CHY") has entered into a rental and services agreement with Central Department Store Co., Ltd. for a period of 30 years ending on 31 May 2024. Central Department Store Co., Ltd. agreed to lease part of the building as a shopping center. Total income to CHY under the agreement will amount to approximately Baht 428 million in total. As at 31 December 2012, the balance of deferred rental income in consolidated financial statements, net of amortisation was Baht 168.9 million (2011: Baht 183.2million).

On 31 January 2012, Central Restaurant Group Co., Ltd. ("CRG") entered into a service agreement with Harn Central Department Store Co., Ltd. for a period of 1 year in order to receive information and various CRG suggestions, which are beneficial. The agreement is automatically renewable for a year. The service fee is Baht 500,000 per month with the increased by 5% for service fee from the previous year.

33 Related party transactions and balances (Cont'd)

33.8) Long-term contracts (Cont'd)

Long-term lease and service agreements

Central Restaurants Group Co., Ltd. ("CRG") had long-term lease and service agreements with related party for periods of 3 to 30 years up to 2026. According to the terms of the agreements, CRG has to pay monthly rental and service charges at fixed rates or at certain percentages of gross sales as follows:

	Consolidated	
	2012	2011
	Baht	Baht
Non-cancellable operating lease commitments		
Within one year	323,647,489	294,493,057
After one year but within five years	256,608,160	258,895,477
After five years	<u>11,244,063</u>	<u>13,729,715</u>
Total	<u>591,499,712</u>	<u>567,118,249</u>

33.9) Commitments under agreements with related parties

The Company

As at 31 December 2012, the Company guaranteed the overdraft lines, letters of credit and various guarantees for subsidiaries to various local banks totaling Baht 32 million (2011: Baht 32 million).

The Company provided guarantee in respect to Central World Hotel Co., Ltd. ("CWH") loans to a financial institution in the amount not less than Baht 2,350 million.

In June 2009, CWH had drawn down the loan totalling Baht 2,300 million. As at 31 December 2012, the outstanding loan is equal to Baht 500 million (2011: Baht 500 million).

Subsidiaries

As at 31 December 2012, Central Restaurants Group Co., Ltd. had provided guarantees to a financial institution for bank overdraft and long-term loan facility of a subsidiary totalling Baht 10 million (2011: Baht 10 million).

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34 Commitments with non-related parties

	Consolidated		Company	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Capital commitments				
Contracted but not provided for				
- Hotel construction	294,402,009	166,454,895	6,195,779	9,564,319
Total	<u>294,402,009</u>	<u>166,454,895</u>	<u>6,195,779</u>	<u>9,564,319</u>
Non-cancellable operating lease and service				
Commitments of Central Restaurant				
Groups Co., Ltd.				
Within one year	138,572,582	107,123,647	-	-
After one year but within five years	120,705,679	102,326,263	-	-
After five years	2,338,334	2,752,434	-	-
Total	<u>261,616,595</u>	<u>212,202,344</u>	<u>-</u>	<u>-</u>

35 Event after the reporting period

On 13 February 2013, the Company invested in Cosi Hotels Management Co., Ltd. consisting of 50,000 ordinary shares with a par value of Baht 100 per share (call-up of Baht 25 per share), totalling Baht 1.25 million. Total invested shares represent 100% ownership.

On 13 February 2013, the Company invested in Centara Royalty Marketing Co., Ltd. consisting of 500,000 ordinary shares with a par value of Baht 100 per share (call-up of Baht 25 per share), totalling Baht 12.5 million. Total invested shares represent 100% ownership.

At the Board of Directors' meeting No.1/2013 on 21 February 2013, the board approved the declaration of the annual dividend at Baht 0.30 each (2011: Baht 0.15), totalling Baht 405.0 million (2011: Bath 202.5 million).

At the Board of Directors' meeting No.1/2013 on 21 February 2013, the board approved additionally acquired the investment portion of 30.77%, (existing direct portion is 68.54%), totalling Baht 120 million of the share capital of Karon Phuket Hotel Co., Ltd. This made the Company increase the investment direct portion to 99.31%.