

No. L023/2009

12th May 2009

Subject : The explanation of operating results for the 1st quarter 2009
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2009, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 109 million which was Baht 609 million lower when compared to the same period last year.

Total revenue for the three-month period decreased by Baht 1,215 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 472 million. This was mainly due to a decrease in revenue of the Laguna Phuket operations which were adversely affected by the global economic crisis and local political turmoil which resulted in the downturn of tourism. This was evident by lower hotel occupancies of 60% in this period as compared to 87% for the same period last year.
- Revenue from property development operations decreased by Baht 603 million mainly due to a significant slowdown in sales and revenue recognition as a result of the global economic crisis.
- Interest income increased by Baht 8 million mainly due to an increase in the number of property buyers undertaking deferred payment plans.
- Insurance claim decreased by Baht 132 million due the interim settlement of the Tsunami insurance claim in the first quarter of the prior year.
- Other income decreased by Baht 16 million mainly due to decrease in foreign exchange gains, which reflected the impact of the movement of the Thai Baht on foreign currency dominated loans from finance institutions, foreign currency trade receivables and loan to associated company.

Total expenses decreased by Baht 510 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 113 million mainly due to the decrease in hotel revenue of the Laguna Phuket operations.
- Cost of property development operations decreased by Baht 267 million mainly due to the decrease in property revenue recognized during the period.

- Selling expenses decreased by Baht 36 million associated with the lower hotel and property revenue.
- Administrative expenses decreased by Baht 86 million mainly due to a decrease in payroll costs, legal fees associated with the tsunami insurance claim, and hotel expenses such as villas rentals, management and incentive fee associated with the weaker performance of the hotel operations.
- Management benefit expenses decreased by Baht 10 million due to lower salaries including unpaid leave scheme, no annual increment and reduced bonuses.

Share of income (loss) from investments in associates decreased by Baht 37 million as compared to the same period last year due to a loss of Lijiang Banyan Tree Hotel Co. Ltd.

Taxation decreased by Baht 100 million as compared to the same period last year mainly due lower profits from hotel and property development operations.

Net income attributable to minority interests decreased by Baht 31 million as compared to the same period last year due to the decreased profit of Laguna Beach Club Limited in which there is a 50% minority interest.

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

Sincerely Yours,

(Mr. Stuart D. Reading)

Senior Assistant Vice President-Finance