

No. L037/2009

9<sup>th</sup> November 2009

Subject : The explanation of operating results for the 3<sup>rd</sup> quarter 2009  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30<sup>th</sup> September 2009, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 16 million which was Baht 99 million lower when compared to the same period last year.

Total revenue for the three-month period decreased by Baht 412 million as compared to the same period last year mainly due to the following:

- Revenues from hotel operations decreased by Baht 103 million mainly due to lower room rates as a result of promotions and discounting to drive occupancies during the low season. There was also less corporate business as many companies have cut back on spending on meetings and incentives due to the global economic downturn. In addition, lower retail sales from gallery outlets were recorded due to the lower business levels.
- Revenues from property development operations decreased by Baht 268 million mainly due to a significant slowdown in sales and revenue recognition as a result of the global economic crisis.
- Revenues from office rental operations decreased by Baht 7 million mainly due to the expiration of some lease contracts in June 2009 with no immediate replacement with new tenants.
- Interest income decreased by Baht 8 million mainly due to the settlement of a long-term loan to an associated company in July 2009 and a decrease in property sales trade accounts receivables.
- Insurance claim revenue of Baht 23 million related to a settlement for losses incurred during an illegal blockade at Laguna Phuket in February 2009.
- Other income decreased by Baht 50 million mainly due to gain on reduction in share capital of an associated company in the prior year.

Total expenses decreased by Baht 286 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 63 million mainly due to the decrease in hotel revenue of the Laguna Phuket operations.
- Cost of property development operations decreased by Baht 175 million mainly due to the decrease in property revenue recognized during the period.
- Selling expenses decreased by Baht 35 million associated with the lower hotel and property revenue.
- Administrative expenses decreased by Baht 8 million mainly due to a decrease in payroll costs and a decrease in legal fees associated with the tsunami insurance claim from prior years. This was offset by an increase in the provision for doubtful accounts.
- Management benefit expenses decreased by Baht 11 million due to lower payroll costs including the introduction of an unpaid leave scheme in 2009, no annual salary increments in 2009 and reduced bonuses.
- Depreciation increased by Baht 11 million due to completed hotel renovations at Dusit Thani Laguna Phuket and Banyan Tree Bangkok.

Share of income from investments in associates increased by Baht 17 million as compared to the same period last year due to higher profits of Lijiang Banyan Tree Hotel Co. Ltd.

Finance costs decreased by Baht 11 million as compared to the prior year mainly due to lower interest rates.

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

Sincerely Yours,

(Mr. Stuart D. Reading)

Senior Assistant Vice President-Finance