

No. L037/2012

9th November 2012

Subject : The explanation of operating results for the 3rd quarter 2012
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30th September 2012, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 126 million as compared to a Baht 165 million loss for the same period last year.

Total revenue for the three-month period increased by Baht 263 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations increased by Baht 164 million mainly due to higher revenue of Angsana Laguna Phuket (which was closed for renovation during the same period last year), Banyan Tree Phuket and Banyan Tree Bangkok.
- Revenue from property development operations increased by Baht 101 million mainly due to the higher recognized sales value of two Double Pool Villas and two Laguna Residences as compared to one Dusit villa, one Laguna Residence and three Laguna Townhomes last year offset by lower revenue from the sale of holiday club memberships.
- Revenue from office rental operations increased by Baht 2 million mainly due to an increase in tenant occupancy.
- Interest income decreased by Baht 1 million mainly due to a decrease in accounts receivable of property buyers.
- Other income decreased by Baht 3 million mainly due to lower exchange rate gains.

Total expenses increased by Baht 139 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations increased by Baht 14 million mainly due to increase in revenue of hotel operations.
- Cost of property development operations increased by Baht 58 million mainly due to the increase in property sales recognized during the period.

- Cost of office rental operations increased by Baht 3 million mainly due to an increase in common area costs for renovation of public areas.
- Selling expenses increased by Baht 12 million mainly due to higher sales and marketing expenses of property development operations.
- Administrative expenses increased by Baht 52 million mainly due to higher expenses of Angsana Laguna Phuket as compared to lower expenses incurred last year when it was closed for renovation and a higher loss on exchange rate when compared to the prior year period.

Share of profit from investment in associate decreased by Baht 47 million as compared to the same period last year mainly due to higher recognized sales from property units sold by Lijiang Banyan Tree Hotel Co. Ltd in the prior year.

Finance cost increased by Baht 6 million as compared to the same period last year mainly due to higher loan balances and higher interest rates in the current period.

Corporate income tax was Baht 8 million in the current period compared to a tax credit of Baht 22 million in the prior year period. The lower tax in the prior year period was due to the decrease in profit of Angsana Laguna Phuket which was closed for renovation.

Profit attributable to non-controlling interests in subsidiaries increased by Baht 3 million as compared to the same period last year mainly due to higher profit of Gallery business in which there is a 49% non-controlling interest.

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

Sincerely Yours,

(Mr. Stuart D. Reading)

Deputy Managing Director