

At Bor Chor D028/2006

11 April, 2006

Subject : The explanation of changes in profit
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2006, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 357 million which was Baht 453 million higher when compared to the prior year.

Total revenue for the three-month period increased by Baht 1,004 million as compared to the previous year due to the following:

- Revenue from the hotel operations increased by Baht 648 million primarily as a result of the increase in revenue from the Laguna Phuket operations which was Baht 507 million higher than the prior year. This significant increase is a result of the recovery of the hotel business from the Tsunami which had a significantly detrimental impact on the performance of the Laguna Phuket hotels performance in the same period of last year. In addition to this Baht 141 million of the increase in revenue is from the Banyan Tree Bangkok which was acquired in March 2005. This hotel represents 3 months result in this period as compared to 1 month in the same period last year.
- Property revenue increased by Baht 285 million primarily due to the sale of 3 Banyan Tree 2 Bedroom Pool Villas and the revenue recognised for 2 Banyan Tree Double Pool Villas which were partially complete at 31 March 2006 together with revenue recognized in the period for Laguna Residences and Townhomes under construction during the period.
- Revenues from office rental operations increased by Baht 17 million as a result of the acquisition of Thai Wah Plaza Limited in March 2005. This period represents 3 months revenue as compared to 1 month in the same period last year.
- Other income increased by Baht 9 million as a result of interest income relating to the long term receivables relating to property sales projects and penalty income from contractors due to delays in construction projects.
- The foreign exchange gain increased by Baht 44 million as a result of the impact of the strengthening of the Thai Baht on the foreign currency dominated loans.

Total expenses have increased as compared to last year by Baht 416 million primarily due to the following:

- Expenses incurred by the hotel operations increased by Baht 293 million as a result of the increase in hotel revenue during the period.
- Direct costs of property development operations increased by Baht 127 million as a result of the increase in property sales during the period.
- Direct cost of office rental operations increased by Baht 8 million due to acquisition of Thai Wah Plaza Limited in March 2005. This period represents 3 months result as compared to 1 month in the same period last year.
- The foreign exchange loss decreased by Baht 10 million as a result the impact of the strengthening of the Thai Baht on the foreign currency dominated loans.

An increase in interest expense of Baht 26 million was due to the increase in bank loans resulting from the purchase of Thai Wah Plaza Limited and its subsidiary companies and interest from loans taken out to finance the construction projects in Laguna Phuket and Banyan Tree Lijiang during the course of 2005.

Taxation has increased by Baht 82 million as compared to the same period in 2005 as a result increased taxable profit in 2006.

Net earnings of minority interest in subsidiaries has increased by Baht 26 million as compared to the same period in 2005 as a result of the increased profitability achieved by the Laguna Beach Resort and Banyan Tree Gallery operations in 2006.

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

Sincerely Yours,

(Mr. Michael Ramon Ayling)

Deputy Managing Director/VP Finance

cc : Director of Corporate Finance Department
The Securities Exchange Commission