

No. L017/2010

11<sup>th</sup> May 2010

Subject : The explanation of operating results for the 1<sup>st</sup> quarter 2010  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31<sup>st</sup> March 2010, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 235 million which was Baht 126 million higher when compared to the same period last year.

Total revenue for the three-month period increased by Baht 387 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations increased by Baht 288 million. This was mainly due to the increase in revenue of the Laguna Phuket operations which recovered from the global economic crisis and airport closures at the onset of the 2008/2009 high season which caused the low performance in the prior year. This was evident by higher hotel occupancies of 82% in this period as compared to 60% for the same period last year.
- Revenue from property development operations increased by Baht 39 million mainly due to increase in revenue recognition of Banyan Tree and Laguna Townhomes projects which was offset by decrease of revenue recognition of Laguna Village Villas project.
- Revenue from office rental operations decreased by Baht 7 million mainly due to the expiry of some lease contracts in June 2009 with no replacement by new tenants.
- Interest income decreased by Baht 3 million mainly due to a decrease in the number of property buyers undertaking deferred payment plans.
- Foreign exchange gains amounting to Baht 4 million in 2010 reflected the impact of the movement of the Thai Baht on foreign currency dominated loans from finance institutions and foreign currency trade receivables.
- Other income increased by Baht 66 million mainly due to the final settlement of an insurance claim relating to the tsunami in 2004.

Total expenses increased by Baht 217 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations increased by Baht 61 million mainly due to the increase in hotel revenue and occupancies of the Laguna Phuket operations.
- Cost of property development operations decreased by Baht 1 million mainly due to the lower costs of a recently completed project offset by increase in costs from higher property revenue during the period.
- Selling expenses increased by Baht 15 million due to the higher hotel and property revenue.
- Administrative expenses increased by Baht 63 million mainly due to an increase in payroll costs, and hotel expenses such as villas rentals, management and incentive fee associated with the stronger performance of the hotel operations.
- Loss on termination of property sales amounting to Baht 77 million represented a net amount of the reversal of revenue and costs of the terminated units for which were previously sold and recognised in 2007.
- Depreciation increased by Baht 4 million mainly due to completed hotel renovations at Banyan Tree Bangkok in 2009.

Share of loss from investment in associate decreased by Baht 14 million as compared to the same period last year due to the rise of profit in property sales of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 7 million as compared to the prior year mainly due to lower loan balances and interest rates.

Corporate income tax increased by Baht 48 million as compared to the same period last year mainly due to higher profits from hotel and property development operations and the final insurance settlement mentioned above.

Net income attributable to minority interests increased by Baht 17 million as compared to the same period last year mainly due to the increased profit of Laguna Beach Club Limited in which there is a 50% minority interest.

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

Sincerely Yours,

(Mr. Stuart D. Reading)  
Vice President-Finance