

No. L033/2011

8<sup>th</sup> November 2011

Subject : The explanation of operating results for the 3<sup>rd</sup> quarter 2011 and decreases of shareholding percentage in a subsidiary and an associate

Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30<sup>th</sup> September 2011, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 165 million as compared to a Baht 208 million loss for the same period last year.

Total revenue for the three month period was Baht 640 million, a decrease of Baht 95 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 103 million. This was mainly due to the sale of Laguna Beach Resort in May 2011 and the closure of the former Sheraton Grande Laguna Phuket hotel (now rebranded as Angsana Laguna Phuket) for renovation since July 2011.
- Revenue from property development operations increased by Baht 14 million mainly due to more sales recognized when compared to the same period last year offset by the decrease in holiday club revenue due to branch closures.
- Revenue from office rental operations increased by Baht 3 million mainly due to an increase in tenant occupancy.
- Interest income decreased by Baht 3 million mainly due to a decrease in accounts receivable of property buyers.
- Other income decreased by Baht 6 million as the prior year included services provided for the Travel Agents Association of India 2010 Convention.

Total expenses for the three month period were Baht 833 million, a decrease of Baht 50 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 37 million mainly due to the decrease in hotel revenue from the sale of Laguna Beach Resort and the closure of the former Sheraton Grande Laguna Phuket hotel for renovation.
- Cost of property development operations increased by Baht 21 million mainly due to the increase in property revenue during the current period offset by the decrease in revenue of the holiday club business.

- Selling expenses decreased by Baht 8 million mainly due to some branch closures of Laguna Holiday Club.
- Administration expenses decreased by Baht 3 million and were broadly in line with the prior year period.
- Depreciation decreased by Baht 23 million mainly due to assets which were fully depreciated in 2010 and a decrease of depreciation of Laguna Beach Resort which was sold in May 2011.

Share of profit from investment in associate increased by Baht 45 million as compared to the same period last year due to the higher of profit of Lijiang Banyan Tree Hotel Co. Ltd.

Finance costs increased by Baht 2 million as compared to the same period last year mainly due to higher interest rates.

Corporate income tax decreased by Baht 16 million as compared to the same period last year mainly due to lower of profit of the former Sheraton Grande Laguna Phuket hotel which has been closed for renovation since July 2011.

Loss after tax for the three month period from discontinued operations amounting to Baht 29 million in 2010 represented the operating result of the Dusit Thani Laguna Phuket hotel which was sold in October 2010.

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

Initially, the Company held 89.16 percent of shareholding proportion in Laguna Service Co., Ltd. ("LSC") through a direct shareholding of 24.69 percent and an indirect shareholding through its subsidiaries, Bangtao Grande Ltd., Laguna Banyan Tree Ltd. and Laguna Beach Club Ltd. ("LBC") for 31.08, 17.13 and 16.26 percent respectively. On 10 May 2011, the Company and a subsidiary sold all shares in LBC. Hence LBC was no longer a subsidiary of the Company and the shareholding proportion in LSC has been reduced to 72.90 percent.

Initially, TWR-Holdings Ltd. ("TWRH"), a subsidiary, and Tropical Resorts Ltd. held the shares in Ownrep Project Services Pte. Ltd. ("OPS") at 50 and 50 percent respectively. On 28 April 2011, TWRH sold all shares in OPS. Hence OPS was no longer an associate of the Company.

Sincerely Yours,

(Mr. Stuart D. Reading)

Vice President-Finance