

No. L006/2012

13th February 2012

Subject : The explanation of operating results for the year 2011

Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the year ended 31st December 2011, Laguna Resorts & Hotels Public Company Limited recorded a loss of Baht 224 million as compared to a Baht 945 million profit in the prior year.

Total revenue for the year was Baht 3,598 million, a decrease of Baht 2,354 million as compared to the last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 269 million. This was mainly due to the sale of Laguna Beach Resort in May 2011 and the closure from 1 July 2011 of the former Sheraton Grande Laguna Phuket for extensive renovation and refurbishment prior to reopening as the Angsana Laguna Phuket in mid December 2011.
- Revenue from property development operations decreased by Baht 486 million mainly due to limited sales from the property sales as a result of the continuing uncertainty in the world economy and local political situation affecting investor confidence and the decrease in holiday club revenue due to branch closures.
- Revenue from office rental operations increased by Baht 10 million mainly due to an increase in tenant occupancy.
- Gain from the sale of Dusit Thani Laguna Phuket amounting to Baht 1,601 million in 2010 related to gain from the divestment of Dusit Thani Laguna Phuket.
- Gain from sale of investments amounting to Baht 45 million in 2011 representing a sale of investments in 2 subsidiaries in May 2011.
- Interest income decreased by Baht 12 million mainly due to a decrease in accounts receivable of property buyers.
- Insurance claim revenue amounting to Baht 56 million in 2010 relates to the final settlement of an insurance claim relating to the tsunami in 2004.
- Other income increased by Baht 15 million mainly due to gain from a fair value adjustment of investment properties in 2011.

Total expenses for the year were Baht 3,723 million, a decrease of Baht 465 million as compared to the last year mainly due to the following:

- Cost of hotel operations decreased by Baht 73 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 decreased by Baht 150 million mainly due to the decrease in property revenue and revenue of the holiday club business.
- Selling expenses decreased by Baht 38 million mainly due to some branch closures of Laguna Holiday Club.
- Administration expenses decreased by Baht 35 million mainly due to the sale of Laguna Beach Resort and the closure of the former Sheraton Grande Laguna Phuket hotel for renovation offset by the reversal of a provision for doubtful accounts in the prior year.
- Depreciation decreased by Baht 78 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.
- Loss on termination of property sales in the prior year amounting to Baht 91 million related to units which were previously sold and recognised during 2007 - 2008.

Share of profit from investment in associate amounting to Baht 174 million in 2011 compared to the share of loss amounting to Baht 15 million in 2010 was due to the higher of profit of Lijiang Banyan Tree Hotel Co. Ltd.

Corporate income tax decreased by Baht 585 million as compared to the last year mainly due to gain on the sale of Dusit Thani Laguna Phuket in prior year and lower of profit of the former Sheraton Grande Laguna Phuket hotel which has been closed for renovation since July 2011.

Profit after tax for the year from discontinued operation amounting to Baht 64 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 loss as compared to a profit in the last year.

Sincerely Yours,

(Mr. Stuart D. Reading)

Vice President-Finance