

No. L029/2011

10th August 2011

Subject : The explanation of operating results for the 2nd quarter 2011
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30th June 2011, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 198 million which as compared to a Baht 190 million loss for the same period last year.

Total revenue for the three month period was Baht 1,203 million, an increase of Baht 451 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations increased by Baht 95 million. This was mainly due to the increase in occupancy at the Laguna Phuket hotels and Banyan Tree Bangkok.
- Revenue from property development operations decreased by Baht 122 million mainly due to limited sales as a result of the continuing uncertainty in the world economy and the local political situation affecting investor confidence.
- Revenue from office rental operations increased by Baht 3 million mainly due to an increase in tenants.
- Interest income increased by Baht 3 million mainly due to cash balances on deposit.
- Gain on sale of investment income amounting to Baht 471 million in 2011 represented a sale of investments in 2 subsidiaries in May 2011.

Total expenses for the three,month period were Baht 905 million, a decrease of Baht 4 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations increased by Baht 29 million mainly due to the increase in hotel revenue and occupancies of the Laguna Phuket operations and Banyan Tree Bangkok.
- Cost of property development operations decreased by Baht 50 million mainly due to the decrease in property revenue during the current period.

- Selling expenses decreased by Baht 20 million mainly due to some branch closures of Laguna Holiday Club.
- Administrative expenses increased by Baht 69 million mainly due to an increase in hotel expenses such as villas rentals and management fees due to the better performance of hotel operations as compared to last year coupled with the reversal of a provision for doubtful accounts in the prior year.
- Loss on termination of property sales in the prior year amounting to Baht 14 million represented a net amount of the reversal of revenue and costs of terminated sales which were previously sold and recognized in prior years.
- Depreciation decreased by Baht 17 million mainly due to assets which were fully depreciated in 2010.

Share of loss from investment in associate decreased by Baht 5 million as compared to the same period last year due to the lower of loss of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 11 million as compared to the same period last year mainly due to lower loan balances and lower interest rates incurred on certain loans due to a savings deposit pledge.

Corporate income tax increased by Baht 90 million as compared to the same period last year mainly due to income tax from a sale of investments in 2 subsidiaries.

Loss after tax for the three month period from discontinued operations amounting to Baht 4 million in 2010 represented the operating result of the Dusit Thani Laguna Phuket hotel which was sold in 2010.

Net income attributable to minority interests decreased by Baht 3 million as compared to the same period last year mainly due to the lower profit of Laguna Beach Club Limited in which there was a 50% minority interest and which was sold in May 2011.

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