

No. L033/2009

11th August 2009

Subject : The explanation of operating results for the 2nd quarter 2009
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30th June 2009, Laguna Resorts & Hotels Public Company Limited achieved a net loss of Baht 53 million which was Baht 347 million lower when compared to the same period last year.

Total revenue for the three-month period decreased by Baht 820 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 200 million. This was mainly due to a decrease in revenue of the Laguna Phuket operations which were adversely affected by the global economic crisis and H1N1 influenza pandemic which resulted in the downturn of tourism. This was evident by lower hotel occupancies of 44% in this period as compared to 58% for the same period last year.
- Revenue from property development operations decreased by Baht 617 million mainly due to a significant slowdown in sales and revenue recognition as a result of the global economic crisis.
- Other income decreased by Baht 8 million mainly due to decrease in service income for related companies projects offset by an increase in foreign exchange gains, which reflected the impact of the movement of the Thai Baht on foreign currency dominated loans from finance institutions, foreign currency trade receivables and a foreign currency loan to an associated company.

Total expenses decreased by Baht 535 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 91 million mainly due to the decrease in hotel revenue of the Laguna Phuket operations.
- Cost of property development operations decreased by Baht 287 million mainly due to the decrease in property revenue recognized during the period.

- Selling expenses decreased by Baht 57 million associated with the lower hotel and property revenue.
- Administrative expenses decreased by Baht 104 million mainly due to a decrease in payroll costs, a decrease in legal fees associated with the tsunami insurance claim, foreign exchange losses and lower hotel expenses such as management and incentive fees associated with the weaker performance of the hotel operations.
- Management benefit expenses decreased by Baht 8 million due to lower salaries including the introduction of an unpaid leave scheme in 2009, no annual salary increments in 2009 and reduced bonuses.
- Depreciation increased by Baht 10 million due to completed hotel renovations in Dusit Thani Laguna Phuket and Banyan Tree Bangkok.

Share of income (loss) from investments in associates decreased by Baht 75 million as compared to the same period last year due to a loss of Lijiang Banyan Tree Hotel Co. Ltd.

Net income attributable to minority interests decreased by Baht 6 million as compared to the same period last year due to the decreased profit of Laguna Beach Club Limited in which there is a 50% minority interest.

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

Sincerely Yours,

(Mr. Stuart D. Reading)

Senior Assistant Vice President-Finance