

No. L016/2011

9<sup>th</sup> May 2011

Subject : The explanation of operating results for the 1<sup>st</sup> quarter 2011  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31<sup>st</sup> March 2011, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 304 million which was Baht 80 million lower when compared to the same period last year.

Total revenue for the three-month period decreased by Baht 418 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations increased by Baht 31 million. This was mainly due to the increase in occupancy in Laguna Phuket hotels and Banyan Tree Bangkok.
- Revenue from property development operations decreased by Baht 375 million mainly due to limited sales from the property sales and holiday club businesses as a result of the continuing uncertainty in the world economy and local political situation affecting investor confidence.
- Interest income decreased by Baht 8 million mainly due to a decrease in accounts receivable of property buyers.
- Insurance claim amounting to Baht 59 million in 2010 represented the final settlement of an insurance claim relating to the tsunami in 2004.
- Other income decreased by Baht 7 million which included penalties for construction delays charged to contractors in 2010.

Total expenses decreased by Baht 257 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 6 million mainly due to the decrease in costs of food & beverage in Banyan Tree Bangkok.

- Cost of property development operations decreased by Baht 152 million mainly due to the decrease in property revenue during the period.
- Selling expenses decreased by Baht 13 million mainly due to the closure of some branches of the Laguna Holiday Club business.
- Depreciation decreased by Baht 9 million mainly due to assets which were fully depreciated in 2010.
- Loss on termination of property sales in 2010 amounting to Baht 77 million represented a net amount of the reversal of revenue and costs of the terminated units which were previously sold and recognized in prior years.

Share of profit from investment in associate amounting to Baht 136 million in 2011 compared to share of loss amounting to Baht 4 million in 2010 is mainly due to a gain on sale of land and shares in a subsidiary of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 15 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 decreased by Baht 30 million as compared to the same period last year mainly due to lower profits from property development operations.

Profit after tax for the period from discontinued operations amounting to Baht 105 million in 2010 represented the operating result of the Dusit Thani Laguna Phuket hotel which was sold effective in October 2010.

Profit attributable to non-controlling interests of the subsidiaries decreased by Baht 2 million as compared to the same period last year mainly 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)

Vice President-Finance