

No. L020/2012

11th May 2012

Subject : The explanation of operating results for the 1st quarter 2012
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2012, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 58 million which was Baht 246 million lower when compared to the same period last year.

Total revenue for the three-month period decreased by Baht 176 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 180 million. This was mainly due to the sale of Laguna Beach Resort in May 2011 and the soft opening of Angsana Laguna Phuket which was still undergoing some renovation works.
- Revenue from property development operations increased by Baht 3 million mainly due to 3 property sales being recognized as compared to only 1 in the prior year period offset by lower revenue from the sale of holiday club memberships.
- Revenue from office rental operations increased by Baht 4 million mainly due to an increase in tenant occupancy.
- Interest income decreased by Baht 2 million mainly due to a decrease in accounts receivable of property buyers.
- Other income decreased by Baht 1 million mainly due to lower exchange rate gains offset by an increase from the gain on sale of fixed assets.

Total expenses decreased by Baht 42 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 42 million mainly due to the decrease in hotel revenue.

- Cost of property development operations increased by Baht 12 million mainly due to the increase in property sales recognized during the period, offset by lower operating costs the in holiday club business.
- Cost of office rental operations increased by Baht 2 million mainly due to higher common area charges related to building renovations.
- Selling expenses increased by Baht 7 million mainly due to higher sale commissions from properties sold.
- Administrative expenses decreased by Baht 21 million to a decrease in villa rentals and lower management fees relating to lower revenue of Angsana Laguna Phuket.

Share of loss from investment in associate amounting to Baht 25 million in the current period compared to a share of profit amounting to Baht 135 million in the prior year period. The profit in the prior year period related to a gain on sale of land and shares in a subsidiary of Lijiang Banyan Tree Hotel Co. Ltd..

Finance cost increased by Baht 23 million as compared to the same period last year. This is mainly due to higher loan balances and higher interest rates in the current period..

Corporate income tax decreased by Baht 49 million as compared to the same period last year mainly due to lower profits from hotel operations.

Profit attributable to non-controlling interests in subsidiaries decreased by Baht 22 million as compared to the same period last year mainly due to the sale of Laguna Beach Resort in May 2011 in which there was 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