

No. L032/2012

8<sup>th</sup> August 2012

Subject : The explanation of operating results for the 2<sup>nd</sup> quarter 2012  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30<sup>th</sup> June 2012, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 57 million as compared to a Baht 228 million loss for the same period last year.

Total revenue for the three-month period increased by Baht 222 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations increased by Baht 49 million. This was mainly due to significant improvement in performance of Banyan Tree Phuket and Banyan Tree Bangkok which was offset by decrease of sales in Gallery business due to no new hotel set up orders when compared to last year.
- Revenue from property development operations increased by Baht 223 million mainly due to 12 property sales being recognized as compared to only 2 in the prior year period offset by lower revenue from the sale of holiday club memberships.
- Interest income decreased by Baht 5 million mainly due to a decrease in cash balances on deposit and accounts receivable of property buyers.
- Gain on sale of investments amounting to Baht 45 million in 2011 represented a sale of investments in 2 subsidiaries in May 2011.

Total expenses increased by Baht 110 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 3 million mainly due to decrease of sales in Gallery business offset by the increase of revenues in hotel operations.
- Cost of property development operations increased by Baht 134 million mainly due to the increase in property sales recognized during the period, offset by lower operating costs in holiday club business.

- Cost of office rental operations decreased by Baht 2 million mainly due to the 2012 property tax expense which was offset with income from the recharge to tenants.
- Selling expenses increased by Baht 14 million mainly due to higher sale & marketing expenses of hotel operations.
- Administrative expenses decreased by Baht 33 million due to a decrease in management staff costs, villa rentals and lower management fees relating to lower revenue of Angsana Laguna Phuket.

Share of profit from investment in associate was Baht 11 million in the current period compared to a share of loss of Baht 9 million in the prior year period. The profit in the current period is related to a property unit sold of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost increased by Baht 19 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 58 million as compared to the same period last year. This is mainly due to income tax from the sale of investments in 2 subsidiaries in the prior year period.

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

Sincerely Yours,

(Mr. Stuart D. Reading)

Deputy Managing Director