

No. L026/2013

13th May 2013

Subject : The explanation of operating results for the 1st quarter 2013
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2013, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 66 million which was Baht 30 million higher when compared to the same period last year.

Total revenue for the three-month period increased by Baht 159 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations increased by Baht 224 million. This was mainly due to the increase in occupancy and average room rate in Laguna Phuket hotels and Banyan Tree Bangkok.
- Revenue from property development operations decreased by Baht 61 million mainly due to 2 property sales being recognized as compared to 4 in the prior year period offset by higher revenue from the sale of holiday club memberships.
- Revenue from office rental operations decreased by Baht 1 million as the prior year included income from a forfeited deposit.
- 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 a decrease from the gain on sale of fixed assets.

Total expenses increased by Baht 126 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations increased by Baht 73 million mainly due to the increase in hotel revenue.

- Cost of property development operations decreased by Baht 27 million mainly due to the decrease in property sales recognized during the period, offset by higher operating costs in holiday club business.
- Cost of office rental operations increased by Baht 6 million mainly due to higher common area charges related to building renovations.
- Selling expenses increased by Baht 18 million mainly due to the increase in hotel and holiday club business revenues and property sales exhibition expenses.
- Administrative expenses increased by Baht 56 million mainly due to an increase in villa rentals, management fees and exchange loss.

Share of loss from investment in associate decreased by Baht 8 million related to the lower of loss of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost increased by Baht 3 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.

Income tax expenses increased by Baht 9 million as compared to the same period last year mainly due to higher profits from hotel operations.

Profit attributable to non-controlling interests of the subsidiaries decreased by Baht 1 million as compared to the same period last year mainly due to lower profit of Gallery sales operations in which there is a 49% non-controlling interest.

For the reasons stated above, the company has shown an increase in the profit as compared to the same period last year.

Sincerely Yours,

(Mr. Stuart D. Reading)

Deputy Managing Director