

No. L004/2013

22<sup>nd</sup> February 2013

Subject : The explanation of operating results for the year 2012  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the year ended 31st December 2012, Laguna Resorts & Hotels Public Company Limited recorded a net profit of Baht 41 million as compared to a Baht 224 million loss in the prior year.

Total revenue for the year was Baht 4,299 million, an increase of Baht 701 million as compared to the last year mainly due to the following:

- Revenue from hotel operations increased by Baht 366 million mainly due to higher revenue of Angsana Laguna Phuket (which was closed for renovation during the second half of last year), Banyan Tree Phuket and Banyan Tree Bangkok.
- Revenue from property development operations increased by Baht 316 million mainly due to the higher recognized sales value of properties sold offset by lower revenue from the sale of holiday club memberships.
- Revenue from office rental operations increased by Baht 7 million mainly due to an increase in tenant occupancy.
- Other income increased by Baht 12 million mainly due to the gain on revaluation of investment property offset by lower interest income of property sales.

Total expenses for the year were Baht 4,020 million, a decrease of Baht 297 million as compared to the last year mainly due to the following:

- Cost of hotel operations increased by Baht 52 million mainly due to increase in revenue of hotel operations.
- Cost of property development operations increased by Baht 202 million mainly due to the increase in property sales recognized during the year.
- Cost of office rental operations increased by Baht 7 million mainly due to an increase in common area costs for renovation of public areas.
- Selling expenses increased by Baht 58 million mainly due to higher sales and marketing expenses of property development operations.

- Administrative expenses decreased by Baht 22 million mainly due to a decrease in management staff costs.

Share of loss from investment in associate amounting to Baht 5 million in 2012 compared to the share of profit amounting to Baht 174 million in 2011 was due to a one-off gain arising from sale of land of Lijiang Banyan Tree Hotel Co., Ltd. in the prior year.

Finance cost increased by Baht 48 million as compared to the last year mainly due to higher loan balances and higher interest rates.

Income tax expenses decreased by Baht 66 million as compared to the last year mainly due to higher income tax from the sale of investments in 2 subsidiaries in the prior year.

Profit attributable to non-controlling interests in subsidiaries decreased by Baht 22 million as compared to the last year mainly due to the sale of shares in 2 subsidiaries in which there was a 50% non-controlling interest.

For the reasons stated above, the company has shown an increase in net profit as compared to a loss in the last year.

Sincerely Yours,

(Mr. Stuart D. Reading)

Deputy Managing Director