

No. L026/2015

13th May 2015

Subject : The explanation of operating results for the 1st quarter 2015
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2015, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 101 million which was Baht 4 million lower when compared to the same period last year.

Total revenue for the three-month period increased by Baht 84 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations which comprise of hotel, golf and retail operations increased by Baht 6 million. This was mainly due to the higher revenues from golf course operation which was partially closed for renovation in 2014 and fully reopened in January 2015. Total hotel revenues were similar to the same period last year as the improved revenue from Banyan Tree Bangkok hotel made up for the shortfall of the Laguna Phuket hotels which were adversely impacted by the Russian rouble crisis.
- Revenue from property development operations which include the sale of holiday club memberships and property sales increased by Baht 39 million. This was mainly due to higher revenues from property sales operation. A total of 23 property sales units amounting to Baht 341 million in value were sold in the quarter under review but only 7 units with a combined revenue of Baht 118 million from current and past years sales were recognized in accordance with Thai accounting standard. The sales recognized in this period were Baht 28 million higher than the same period last year in which 4 units were recognized. There are a total of Baht 2,645 million will be recognized over the next several years including 2015 barring any cancellations.
- During the quarter the Company recognized Baht 39 million in an insurance payout arising from a claim on Banyan Tree Bangkok hotel's business interruption loss of attraction insurance policy due to the political protests in 2014.

Total expenses increased by Baht 86 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations increased by Baht 10 million mainly due to higher depreciation and higher costs of Banyan Tree Bangkok hotel which are partially offset by lower costs of the Laguna Phuket hotels.

- Cost of property development operations increased by Baht 30 million mainly due to the increase in property sales recognized during the period.
- Cost of office rental operations increased by Baht 3 million mainly due to higher common area charges.
- Selling expenses decreased by Baht 12 million mainly due to the decrease in property sales commission.
- Administrative expenses increased by Baht 55 million mainly due to a increase in loss on exchange rate, repair and maintenance costs, staff costs and allowance for doubtful debts.

Share of loss from investment in associate decreased by Baht 12 million and this relates to the lower loss of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 1 million as compared to the same period last year. This is mainly due to lower interest rates and partially offset by the increase of short-term loan balances in the current period.

Income tax expenses increased by Baht 17 million as compared to the same period last year mainly due to higher reversal of tax temporary differences in the current period.

Loss attributable to non-controlling interests of the subsidiaries increased by Baht 2 million as compared to the same period last year mainly due to higher loss of Gallery sales operations in which there is a 49% non-controlling interest.

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

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –
Finance & Administration