

No. L039/2014

10<sup>th</sup> November 2014

Subject : The explanation of operating results for the 3<sup>rd</sup> quarter 2014  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30<sup>th</sup> September 2014, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 106 million as compared to a Baht 123 million loss for the same period last year. The third quarter from July to September are traditionally low season months for hotels in Phuket and consequently the Company has historically incurred losses in the past during this period and this year has not been an exception.

Total revenue for the three-month period decreased by Baht 65 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 83 million. This was mainly due to the decrease in occupancy rate in Laguna Phuket hotels and Banyan Tree Bangkok which were affected by the political unrest in Thailand which culminated in the military coup since 22<sup>nd</sup> May 2014.
- Revenue from property development operations increased by Baht 23 million mainly due to 4 property sales being recognized as compared to 3 in same period last year.
- Other income decreased by Baht 5 million which is from the insurance claim for boiler explosion last year.

Total expenses decreased by Baht 104 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 46 million mainly due to the decrease in hotel revenue.
- Cost of property development operations increased by Baht 1 million mainly due to the increase in property sales recognized during the period.
- Selling expenses decreased by Baht 10 million mainly due to the lower expenses of hotel operations and the holiday club business.

- Administrative expenses decreased by Baht 49 million mainly due to a decrease in staff costs, legal fee and loss on exchange rate.

Share of profit from investment in associate decreased by Baht 13 million related to the lower of profit of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 5 million as compared to the same period last year. This is mainly due to lower of loan balances and interest rates in the current period.

Income tax expenses increased by Baht 14 million as compared to the same period last year mainly due to lower of reversal of tax temporary differences in the current period.

For the reasons stated above, the Company's loss is lower as compared to the same period last year.

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –  
Finance & Administration