

No. L039/2013

11th November 2013

Subject : Explanation of operating results for the 3rd quarter 2013
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30th September 2013, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 123 million as compared to a Baht 105 million loss for the same period last year.

Total revenue for the three-month period is Baht 41 million lower as compared to the same period last year due to the combined effect of the following:

- On a positive note, revenue from hotel operations increased by Baht 46 million and this is largely attributed to the increase in occupancy rate of the three hotels.
- Revenue from property development operations declined by Baht 86 million as only 3 property sales were recognized as compared to 4 in the same period of the prior year. The higher revenue from the sale of holiday club memberships partially offset the shortfall from property sales.
- Revenue from office rental operations decreased by Baht 3 million mainly due to property tax recharge to tenants.
- Interest income decreased by Baht 4 million mainly due to a decrease in accounts receivable of property buyers.
- Other income increased by Baht 6 million which is largely from the insurance claim.

Total expenses increased by Baht 6 million as compared to the same period last year due to the following reasons:

- Cost of hotel operations increased by Baht 23 million which is in line with the higher hotel revenue.
- Cost of property development operations decreased by Baht 38 million as a result of the lower number of property sales recognized during the period, offset by higher operating costs of the holiday club business.
- Cost of office rental operations decreased by Baht 3 million due to property tax recharge to tenants.

- Selling expenses of this current period included the sales commission and other sales and marketing expenses of Laguna Shores property project amounting to Baht 10 million. A total of 133 units amounting to a sales value Baht 820 million have been sold but this revenue will not be recognized until the year 2015 and is therefore not included in the period under review.
- Administrative expenses increased by Baht 24 million mainly due to an increase in hotel villas rentals and non-refundable withholding tax of Baht 9 million for dividend from Lijiang Banyan Tree Hotel Co. Ltd. of Baht 85 million which is not recognized in the income statement but recorded by reducing the investment in associate in the statement of financial position to comply with the relevant accounting standards.

Share of profit from investment in associate increased by Baht 13 million mainly due to the higher property sales profits of Lijiang Banyan Tree Hotel Co. Ltd.

Income tax expenses decreased by Baht 11 million as compared to the same period last year as the consolidated loss is higher in the period under review.

A slight loss attributable to non-controlling interests of the subsidiaries in the current period compared to a profit of Baht 3 million in the prior year period. This is mainly due to the lower profit of retail operations in which there is a 49% non-controlling interest.

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

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President -
Group Asset Management, Development and Special Project