

No. L031/2013

7th August 2013

Subject : Explanation of operating results for the 2nd quarter 2013
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30th June 2013, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 103 million as compared to a Baht 52 million loss for the same period last year.

Total revenue for the three-month period is Baht 68 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 50 million and this is largely attributed to the increase in occupancy rate of the three hotels.
- Revenue from property development operations declined by Baht 130 million as only 6 property sales were recognized as compared to 12 in the same period of the prior year. However, at the time of this report a further 9 units of properties have been sold and will be included in the second half of 2013. The higher revenue from the sale of holiday club memberships partially offset the shortfall from property sales.
- Other income increased by Baht 12 million which is largely from the dividend income received from the Company's other long-term investment.

Total expenses decreased by Baht 17 million as compared to the same period last year due to the following reasons:

- Cost of hotel operations increased by Baht 27 million which is in line with the higher hotel revenue.
- Cost of property development operations decreased by Baht 74 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 increased by Baht 2 million because of property tax expense.

- Selling expenses increased by Baht 35 million. Of this amount, Baht 21 million relates to sales commission expense of a new property sales project (Laguna Shores) which was launched at the end of 2012. Since the launch a total of 128 units amounting to a sales value Baht 785 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. The higher selling expenses also include those of the hotel and holiday club businesses.
- Administrative expenses decreased by Baht 7 million mainly due to a reduction in exchange loss.

Share of loss from investment in associate is Baht 7 million in the current period compared to a share of profit of Baht 11 million in the prior year period. The profit in the prior year period is related to a property unit sold of an associated company.

Income tax expenses decreased by Baht 15 million as compared to the same period last year as the consolidated loss is higher in the period under review.

Loss attributable to non-controlling interests of the subsidiaries is Baht 2 million 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 Projects