

No. L026/2014

12th May 2014

Subject : The explanation of operating results for the 1st quarter 2014
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2014, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 105 million which was Baht 39 million higher when compared to the same period last year.

Total revenue for the three-month period decreased by Baht 66 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 122 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 since November 2013.
- A total of 97 properties were sold under the property development operations in the quarter under review but only 4 units could be recognized due to accounting income recognition policies. Nevertheless, the revenue from the 4 units recognized was Baht 59 million higher compared to the same period last year as only 2 units were recognized in the previous period. The majority of the remaining 97 units will be recognized over the next several years.
- Interest income decreased by Baht 3 million mainly due to a decrease in accounts receivable of property buyers.

Total expenses decreased by Baht 79 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 44 million mainly due to the decrease in hotel revenue.
- Cost of property development operations increased by Baht 39 million mainly due to the increase in property sales recognized during the period.
- Cost of office rental operations decreased by Baht 3 million mainly due to lower common area charges.
- Selling expenses decreased by Baht 11 million mainly due to the decrease in expenses of hotel and holiday club businesses.

- Administrative expenses decreased by Baht 60 million mainly due to a decrease in staff costs and loss on exchange rate.

Share of loss from investment in associate decreased by Baht 2 million related to the lower of loss 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 decreased 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.

Profit attributable to non-controlling interests of the subsidiaries decreased by Baht 4 million as compared to the same period last year mainly due to lower profit of Gallery sales operations in which there is a 49% non-controlling interest.

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

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –
Finance & Administration