

No. L035/2015

11<sup>th</sup> August 2015

Subject : The explanation of operating results for the 2<sup>nd</sup> quarter 2015  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30<sup>th</sup> June 2015, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 121 million as compared to a Baht 66 million loss for the same period last year.

Total revenue for the three-month period increased by Baht 68 million as compared to the same period last year due largely to the following:

- Revenue from hotel operations which comprise of hotel, golf and retail operations increased by Baht 33 million. This is principally attributed to the higher revenues from Banyan Tree Bangkok hotel as the business was not impacted by the Thai political unrest in the same period last year. Additionally, the Laguna Phuket Golf Club fully reopened on 1 January 2015 after it was partially closed for renovations in 2014. The gains made by Banyan Tree Bangkok and Laguna Phuket Golf Club was partially offset by the revenue shortfall from 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 improved by Baht 6 million and Baht 31 million respectively. The increase in revenues from property sales comprised of higher sales of properties and other income amounting to Baht 14 million and Baht 17 million respectively. There is a total of Baht 2,595 million in property sales revenue which will be recognized over the next several years including 2015 barring any cancellations.
- Interest income fell by Baht 2 million which is in line with the reduction in average accounts receivables of property buyers for the period.

Total expenses increased by Baht 78 million as compared to the same period last year which is generally caused by the following:

- Cost of hotel operations increased by Baht 8 million due largely to the higher depreciation and higher operating 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 40 million as a result of the increase in property sales recognized during the period.
- Cost of office rental operations declined by Baht 6 million as common area charges were lower.
- Selling expenses were Baht 24 million lower due to the reduction in property sales commission and exhibitions expenses.
- Administrative expenses decreased by Baht 29 million mainly due to lower "provision for loss on compensation claim" and "loss on exchange rate".
- The period under review did not have the benefit of a Baht 89 million from the reversal of the loss on impairment of investment in Thai Wah Starch PLC. as in the same period last year.

Share of loss from investment in associate increased by Baht 15 million and this relates to the higher loss of Lijiang Banyan Tree Hotel Co. Ltd.

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

Income tax was Baht 26 million higher as compared to the same period last year because the same period last year had a higher loss without the "reversal of loss on impairment of investment" which is non-taxable. Furthermore, the current period had more non-refundable withholding tax.

Profit attributable to non-controlling interests of the subsidiaries amounted to Baht 1 million in the current period as compared to a loss amounting to Baht 2 million in the prior period. In the period under review Gallery sales operations achieved a profit which was partially offset by a loss suffered by Laguna Service Co., Ltd. This is compared to a loss suffered by both operations in the same period last year.

For the reasons stated above, the company made a higher of loss as compared to the same period last year.

In addition, the earnings before interest, tax, depreciation and amortization (EBITDA) for the current period was Baht 8 million which is decline of 21% as compared to the period in the prior year.

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –  
Finance & Administration