

No. L034/2014

8th August 2014

Subject : The explanation of operating results for the 2nd quarter 2014
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30th June 2014, Laguna Resorts & Hotels Public Company Limited recorded a net loss of Baht 66 million as compared to a Baht 103 million loss for the same period last year.

Total revenue for the three-month period decreased by Baht 155 million as compared to the same period last year mainly due to the following:

- Revenue from hotel operations decreased by Baht 136 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 which culminated in the military coup since 22nd May 2014.
- Revenue from property development operations declined by Baht 30 million. A total of 29 properties were sold in the quarter under review but only 3 units could be recognized due to accounting income recognition policies. The revenue from the 3 units recognized was lower compared to the same period last year as 6 units were recognized in the previous period. Some of the remaining 29 units will be recognized in the later part of 2014 and the majority over the next several years
- Other income increased by Baht 11 million mainly due to an increase in dividend income from other long-term investment.

Total expenses decreased by Baht 167 million as compared to the same period last year mainly due to the following:

- Cost of hotel operations decreased by Baht 40 million mainly due to the decrease in hotel revenue.
- Cost of property development operations decreased by Baht 19 million mainly due to the decrease in property sales recognized during the period.
- Cost of office rental operations increased by Baht 4 million mainly due to higher common area charges related to building renovations.
- Selling expenses decreased by Baht 19 million mainly due to the decrease in expenses of hotel operations.

- Administrative expenses decreased by Baht 4 million mainly due to a decrease in staff costs, legal & management fee offset by an increase of provision for loss on compensation claim and loss on exchange rate.
- Reversal of the loss on impairment of investment in Thai Wah Starch PLC. (TWS) amounting to Baht 89 million arising from the events and circumstances resulting in the impairment loss are no longer existed.

Share of loss from investment in associate decreased by Baht 3 million related to the lower of loss of Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost decreased by Baht 6 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 17 million as compared to the same period last year mainly due to higher 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