

No. L019/2016

11<sup>th</sup> May 2016

Subject : The explanation of operating results for the 1<sup>st</sup> quarter 2016  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31<sup>st</sup> March 2016, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 190 million which was Baht 89 million higher when compared to the same period last year.

Total revenue for the three-month period increased by Baht 348 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 129 million. This was due to the opening of Cassia Phuket (since the last quarter of 2015) and the improved performances of Banyan Tree Bangkok and Laguna Phuket hotels when compared to the same period last year.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships increased by Baht 252 million. This is attributed to the revenue recognition of the two ongoing property sales projects namely Laguna Park and Cassia Phuket. There is a total of Baht 1,279 million in property sales revenue which will be recognized in the future barring any cancellations.
- Interest income increased by Baht 7 million due largely to an increase in accounts receivable of property buyers.
- In the same quarter of the previous year the Company recognized Baht 39 million in an insurance payout arising from a claim on Banyan Tree Bangkok hotel's business interruption insurance policy due to the Thai political unrests in 2014. However, there was no insurance payout in the quarter under review.

Total expenses increased by Baht 204 million as compared to the same period last year which is generally caused by the following:

- Cost of hotel operations increased by Baht 43 million which is in line with the higher hotel revenue.
- Cost of property development operations increased by Baht 196 million as more property sales were recognized during the period.

- Selling expenses decreased by Baht 5 million as the old club stopped selling new memberships offset by the increase of hotel selling expenses.
- Administrative expenses decreased by Baht 28 million due mainly to the reduction in allowance for doubtful debts, staff costs, loss on exchange rate and repair and maintenance costs. This is offset by an increase in management fee.

Share of loss from investment in associate increased by Baht 13 million and this relates to the Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost increased by Baht 11 million as compared to the same period last year due to higher loan balances in the current period.

The higher profit in the current period resulted in a Baht 22 million increase in Income tax expenses as compared to the same period last year.

Profit attributable to non-controlling interests of the subsidiaries amounted to Baht 7 million in the current period as compared to a loss of Baht 2 million in the prior period. In the period under review Laguna Service Co., Ltd. and Gallery sales operations achieved a profit. Gallery sales operations incurred a loss in the same period last year.

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

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –  
Finance & Administration