

No. L029/2016

10<sup>th</sup> August 2016

Subject : The explanation of operating results for the 2<sup>nd</sup> quarter 2016  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30<sup>th</sup> June 2016, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 49 million as compared to a Baht 121 million loss for the same period last year. The Company's business in Quarter 2 is traditionally softer compared to Quarter 1 and 4 due to low tourist arrivals in Phuket during this time of the year. However, the Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") for the period amounted to Baht 90 million which represents a Baht 82 million increase over Quarter 2 2015.

Total revenue for the three-month period increased by Baht 260 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 76 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 183 million. This is attributed to the revenue recognition of the two ongoing property sales projects namely Laguna Park and Cassia Phuket and including the sales of 2 units of Banyan Tree Spa Pool Villa. There is a total of Baht 993 million in property sales revenue which will be recognized in the future barring any cancellations.
- Interest income increased by Baht 6 million due largely to an increase in long term trade accounts receivable of property buyers.
- Other income decreased by Baht 5 million mainly due to a decrease in dividend income from other long-term investment.

Total expenses increased by Baht 176 million as compared to the same period last year which is generally the result of the following:

- Cost of hotel operations increased by Baht 27 million which is in line with the higher hotel revenue.
- Cost of property development operations increased by Baht 99 million as more property sales were recognized during the period.

- Cost of office rental operations increased by Baht 6 million due to common area charges for building renovations.
- Selling expenses increased by Baht 8 million as the increase in hotel selling expenses were offset by the reduction in selling expenses of the old time share club which stopped selling new memberships.
- Administrative expenses increased by Baht 35 million due mainly to loss on exchange rate, repair and maintenance expenses and utility costs.

Share of loss from investment in associate decreased by Baht 5 million and this relates to the Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost increased by Baht 8 million as compared to the same period last year due to higher loan balances in the current period.

Income tax was Baht 11 million higher as compared to the same period last year because the current period had the higher profit from hotels and property development operations when compared to the same period last year.

Loss attributable to non-controlling interests of the subsidiaries amounted to Baht 1 million in the current period as compared to a profit of Baht 1 million in the prior period. In the period under review Gallery sales operations suffered a loss offset by the profit of Laguna Service Co., Ltd. The opposite was true in the same period last year where Gallery sales operations made a profit but Laguna Service Co., Ltd. suffered a loss.

For the reasons stated above, the company had a lower loss as compared to the same period last year.

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –  
Finance & Administration