

No. L030/2018

10th May 2018

Subject : The explanation of operating results for the 1st quarter 2018
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the first quarter ended 31st March 2018, Laguna Resorts & Hotels Public Company Limited achieved a net profit of Baht 118 million which was Baht 8 million higher when compared to the same period last year.

Total revenue for the three-month period increased by Baht 171 million as compared to the same period last year due largely to the following:

- The overall revenue from hotel operations which comprise of hotel, golf and retail operations increased by Baht 75 million over the prior year as a result of the improved performances of Laguna Phuket hotels and Banyan Tree Bangkok.
- Revenue from property development operations which comprise of property sales and the sale of holiday club memberships increased by Baht 98 million. The difference is largely attributed to the revenue recognition of two property sales projects namely Cassia Phuket and Laguna Park which were higher when compared to the same period last year. At the time of this report, there is a total of Baht 4,035 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing decreased by Baht 3 million due largely to the property tax reimbursement of Thai Wah Tower 1 which will be charged in the 2nd quarter as compared to last year which was charged in 1st quarter.

Total expenses increased by Baht 190 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 64 million as higher property sales were recognized during the period.

- Cost of office rental operations decreased by Baht 4 million as property tax will be charged in the 2nd quarter as compared to the prior year which was charged in the 1st quarter and the lower building repair expense.
- Selling expenses increased by Baht 15 million as a result of higher property development operations selling expenses.
- Administrative expenses increased by Baht 71 million due mainly to an increase in loss on exchange rate, utilities expenses and provision for impairment of deposit for purchase of land. This is partly mitigated by a decrease in staff costs.

Share of profit from investment in associates increased by Baht 42 million mainly relates to the profit from Banyan Tree China Pte. Ltd. (the company started to take equity from October 2017) but partially offset by the lower gain from Thai Wah Plc.

Finance cost decreased by Baht 6 million as compared to the same period last year as interest rate and the loan balances were lower in the current period.

Income tax expense increased by Baht 21 million due mainly to an increase of profit in the current period and the higher provision for impairment of deposit for purchase of land as compared to the same period last year.

Profit attributable to non-controlling interests of the subsidiaries increased by Baht 1 million which is primarily caused by the higher profit of Gallery sales operations and Laguna Service Co., Ltd.

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

Sincerely Yours,

(Mr. Kuan Chiet)

Vice President – Finance & Administration