

No. L039/2018

7<sup>th</sup> August 2018

Subject : The explanation of operating results for the 2<sup>nd</sup> quarter 2018  
Attention : The President  
The Stock Exchange of Thailand

Dear Sir,

For the second quarter ended 30<sup>nd</sup> June 2018, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 48 million as compared to a Baht 152 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.

Total revenue for the three-month period increased by Baht 130 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 decreased by Baht 39 million over the prior year as a result of the decrease in occupancy 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 167 million. The difference is largely attributed to the revenue recognition of property sales projects namely Cassia Phuket which were higher when compared to the same period last year. At the time of this report, there is a total of Baht 3,937 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing increased by Baht 3 million due largely to the property tax reimbursement of Thai Wah Tower 1 which is charged in the 2<sup>nd</sup> quarter as compared to last year which was charged in 1<sup>st</sup> quarter.

Total expenses increased by Baht 75 million as compared to the same period last year which is generally caused by the following:

- Cost of hotel operations decreased by Baht 16 million which is in line with the lower hotel revenue.
- Cost of property development operations increased by Baht 82 million as higher property sales were recognized during the period.

- Cost of office rental operations increased by Baht 4 million as property tax is charged in the 2<sup>nd</sup> quarter as compared to the prior year which was charged in the 1<sup>st</sup> quarter and the higher building repair expense.
- Selling expenses increased by Baht 12 million as a result of higher property development operations selling expenses.
- Administrative expenses decreased by Baht 7 million due mainly to a decrease in loss on exchange rate and repair & maintenance expenses.

Share of loss from investment in associates decreased by Baht 20 million mainly relates to no share of loss from Lijiang Banyan Tree Hotel Co., Ltd. (the investment was sold in July 2017), partially offset by loss from Banyan Tree China Pte. Ltd. (the company started to take equity from October 2017) and the lower gain from Thai Wah Plc.

Finance cost decreased by Baht 3 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 decreased by Baht 23 million due mainly to a decrease of loss in the current period as compared to the same period last year.

Loss attributable to non-controlling interests of the subsidiaries increased by Baht 2 million which is primarily caused by the higher loss of Gallery sales operations and Laguna Service Co., Ltd.

For the reasons stated above, the company's loss is lower as compared to the same period last year.

Sincerely Yours,

(Mr. Kuan Chiet)

Vice President – Finance & Administration