

No. L035/2016

9th November 2016

Subject : The explanation of operating results for the 3rd quarter 2016
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30th September 2016, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 104 million as compared to a Baht 88 million loss for the same period last year. The Company's business in Quarter 3 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 decreased by Baht 200 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 131 million. This was due to 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 decreased by Baht 346 million as the revenue recognition of the two property sales projects namely Laguna Park and Cassia Phuket was lower when compared to the same period last year. There is a total of Baht 878 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 increase in occupancy rate of Thai Wah Tower I.
- Interest income increased by Baht 5 million and this is attributed to an increase in long term trade accounts receivable of property buyers.
- Other income increased by Baht 7 million from an increase in dividend income from other long-term investment.

Total expenses decreased by Baht 169 million as compared to the same period last year which is generally the result of the following:

- Cost of hotel operations increased by Baht 48 million which is in line with the higher hotel revenue.
- Cost of property development operations decreased by Baht 237 million as less property sales were recognized during the period.

- Cost of office rental operations increased by Baht 3 million due to common area charges for building renovations.
- Selling expenses decreased by Baht 10 million from savings made in the old time share club which stopped selling new memberships.
- Loss on exchange rate and allowance for doubtful debts resulted in a Baht 27 million increase in Administrative expenses.

Share of loss from investment in associate increased by Baht 3 million and this relates to the Lijiang Banyan Tree Hotel Co. Ltd.

Finance cost increased by Baht 4 million as compared to the same period last year due to higher loan balances in the current period.

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

Loss attributable to non-controlling interests of the subsidiaries amounted to Baht 10 million in the current period as compared to a profit of Baht 2 million in the prior period. In the period under review Gallery sales operations suffered a loss which was offset by the profit of Laguna Service Co., Ltd. Gallery sales operations had a slight profit in the same period last year.

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

Sincerely Yours,

(Mr. Kuan Chiet)

Senior Assistant Vice President –
Finance & Administration