

No. L041/2018

8th November 2018

Subject : The explanation of operating results for the 3rd quarter 2018
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the third quarter ended 30th September 2018, Laguna Resorts & Hotels Public Company Limited suffered a net loss of Baht 58 million as compared to a Baht 24 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 increased by Baht 104 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 40 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 255 million. The difference is largely attributed to the revenue recognition of property sales projects namely Cassia Phuket, Laguna Residences and Banyan Tree villas which were higher when compared to the same period last year. At the time of this report, there is a total of Baht 3,862 million in property sales revenue which will be recognized in the future barring any cancellations.
- Other income decreased by Baht 114 million from gain on sale of investments in the same period last year.

Total expenses increased by Baht 136 million as compared to the same period last year which is generally the result of the following:

- Cost of hotel operations decreased by Baht 18 million which is in line with the lower hotel revenue.
- Cost of property development operations increased by Baht 114 million as higher property sales were recognized during the period.

- Selling expenses increased by Baht 8 million as a result of higher property development operations selling expenses.
- Administrative expenses increased by Baht 31 million mainly due to increase in staff costs and loss on exchange rate.

Share of profit from investments in associates decreased by Baht 7 million mainly relates to lower profit from Thai Wah PLC.

Finance cost decreased by Baht 5 million as compared to the same period last year due to lower loan balances but partially offset by higher interest rate in the current period.

Income tax was Baht 13 million higher as compared to the same period last year mainly due to additional payment of income tax of previous years.

Loss attributable to non-controlling interests of the subsidiaries amounted to Baht 3 million in the current period as compared to a profit of Baht 10 million in the same period last year. The loss in the current period is mainly from loss of Gallery operation. The profit in the last year is mainly from sales of investment in subsidiary.

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

Sincerely Yours,

(Mr. Kuan Chiet)

Vice President – Finance & Administration