

Translation

May 13, 2016

Subject: Clarification for the operating results exceeding 20% from the same period of last year

Attention: Managing Director
The Stock Exchange of Thailand

The Company hereby reports the performance of the consolidated financial statements for the three-month period ended March 31, 2016, compared with the three-month period ended March 31, 2015. These financial statements comply with the effective Accounting Standards for the periods beginning on or after 1 January 2016.

Overview

For the first quarter of 2016, the Company reported total revenue of Baht 1,635.03 million, an increase of Baht 49.34 million or 3.11% from the same quarter of last year, led by an improvement in hotel business revenue. However, net profit of Baht 153.86 million was a decrease of Baht 43.98 million or 22.23% from the same period of last year, mainly driven by administrative expenses to support future business expansion. The Company has confirmed several hotel management projects in the development pipeline over the next 3-5 years and is also working on a number of Education projects in several countries in Asia.

The operation results

The performance for the first quarter of 2016 compared to the first quarter of 2015 detailed as follows:

Unit: Million Baht

Description	Quarter 1/2015	Quarter 1/2014	Variance	%
Revenues:				
- Hotel business	1,395.03	1,326.20	68.83	5.19
- Hotel Management business	35.22	37.50	(2.28)	(6.07)
- Education business	114.38	120.01	(5.63)	(4.69)
- Other business	90.40	101.98	(11.58)	(11.36)
Total revenues	1,635.03	1,585.69	49.34	3.11
Profit before interest expense, income tax and depreciation (EBITDA)	408.10	419.14	(11.04)	(2.63)
%	25.0	26.4		
Depreciation	188.74	164.69	24.05	14.60
Profit before interest expense and income tax (EBIT)	219.36	254.45	(35.09)	(13.79)
%	13.4	16.0		
Interest expense and income tax	34.38	26.25	8.13	30.97
Net profit	184.98	228.20	(43.22)	(18.94)
Net profit – Non-controlling interests	31.12	30.36	0.76	2.50
Net profit – Owners of the Company	153.86	197.84	(43.98)	(22.23)
<i>Earnings per share (Baht)</i>	<i>1.82</i>	<i>2.34</i>	<i>(0.52)</i>	<i>(22.23)</i>

1. Revenues

For the first quarter of 2016, the Company reported total revenues of Baht 1,635.03 million, an increase of Baht 49.34 million or 3.11% from the same quarter of last year. It is worth noting that the Government's various campaigns to attract tourists with high spending power have invariably resulted in more travelers, including Asian tourists. However, the economic uncertainties in many leading European countries as well as in Russia, the Middle East and Africa have led many to postpone their trips overseas while lower oil prices have also affected tourism in the Middle East.

Hotel business

The Company's revenue from hotel business amounted to Baht 1,395.03 million in the first quarter of 2016, an increase of Baht 68.83 million or 5.19%, compared to the same quarter of last year. This increase mainly came from Dusit Thani Maldives, Dusit Thani Hua Hin, Dusit Thani Bangkok as well as Dusit Thani Manila, which saw an improvement in revenue following the renovation, which was approximately 90% complete.

Hotel management business

The Company's revenue from hotel management from other hotels amounted to Baht 35.22 million in the first quarter of 2016, a slight decrease of Baht 2.28 million or 6.07% from the same quarter of last year. This was largely due to lower management service income from hotels in the United Arab Emirates, given the lower oil prices and the economic situations. The Company has signed up two more hotel management agreements in China during the first quarter of 2016.

Education business

The Company's revenue from education business amounted to Baht 114.38 million in the first quarter of 2016, a decrease of Baht 5.63 million or 4.69% from the same quarter of last year. This was primarily a result of Dusit Thani College's later semester start date compared to last year, which made an impact on the revenue recognition. The education business revenue comprised the following:

- Baht 101.91 million from Dusit Thani College
- Baht 10.52 million from Education – management service to Lyceum of the Philippines University
- Baht 1.95 million from Dusit Thani Hotel School, which opened on September 14, 2015

In the first quarter of 2016, the Company has extended the collaboration with the famed Swiss hospitality management school École Hôtelière de Lausanne (EHL) to cooperate in providing hospitality education at vocational level as well as executive development programs.

Other business

The Company had revenues from other business in the amount of Baht 90.40 million in the first quarter of 2016, a decrease of Baht 11.58 million or 11.36%, compared to the same quarter of last year, with key reasons as follows:

- In the same quarter of last year, the Company had realized income from deferred rental revenue (Dusit Thani Laguna Phuket) of Baht 6.90 million to Dusit Thani Freehold and Leasehold Property Fund in late 2010, as the Company provided the minimum rental payment guarantee during the first four years, which ended in early 2015.
- The share of profit from investment in Le Cordon Bleu Dusit Co., Ltd., a joint venture which recognizes the share of net profit from investment by the equity method, of Baht 5.78 million, a slight decrease of Baht 0.40 million from the same quarter of last year.
- The share of loss from Philippine Hoteliers International Center for Hospitality Education, Inc., registered in Philippines on July 15, 2015, a joint venture which recognizes the share of net loss from investment by the equity method, of Baht 1.95 million.

2. Cost of sales and services and gross profit

The Company had cost of sales and services in the amount of Baht 1,016.21 million in the first quarter of 2016, an increase of Baht 40.38 million or 4.14% from the same quarter of last year. The cost of sales and services comprised the following:

- Direct cost, e.g. cost of room service, cost of food and beverage, salary and employee benefits, etc. of Baht 838.42 million, an increase of Baht 16.19 million or 1.97% from the same quarter of last year.
- Cost of services - depreciation and amortization of Baht 177.79 million, an increase of Baht 24.19 million or 15.75% from the same quarter of last year. This was mainly from depreciation on completed renovation work of Dusit Thani Manila.

Consequently, the Company's gross profit amounted to Baht 480.73 million in the first quarter of 2016, an increase of Baht 21.43 million or 4.66% from the same quarter of last year. The gross profit margin was 32.11% of revenue from sales and services, up from 32.00% in the same quarter of last year, because of the cost control and the increase in revenue.

3. Selling and administrative expenses

In the first quarter of 2016, the Company had selling expenses in the amount of Baht 98.16 million, a decrease of Baht 1.97 million or 2.05% from the same quarter of last year. The administrative expenses for the quarter were Baht 287.55 million, an increase of Baht 41.99 million or 17.10% from the same quarter of last year, with expenses related to human resources in order to support the future business expansion. The selling and administrative expenses represented 25.77% of revenue from sales and services, compared to 23.81% in the same period of last year.

After deducting cost of sales and selling and administrative expenses, the earnings before interest, income tax and depreciation and amortization (EBITDA) was Baht 408.10 million, a decrease of Baht 11.04 million or 2.63% from the same quarter of last year. After deducting interest expenses, income tax, depreciation and profit of non-controlling interest, net profit for the Company was Baht 153.86 million, a decreased of Baht 43.98 million or 22.23% from the same quarter of last year, with earnings per share of Baht 1.82 for the quarter.

Financial Position

The consolidated statement of financial position of the Company and subsidiaries as at March 31, 2016 compared with the balances as at December 31, 2015 as follows:

Total Assets were Baht 9,299.24 million, a decrease of Baht 96.43 million, mainly due to the following:

The decrease in assets

1. A decrease of inventories by Baht 6.82 million.
2. A decrease of investment properties and property, plant and equipment by Baht 166.15 million, mainly from depreciation according to their useful period.
3. A decrease of prepaid rental of land and buildings by Baht 21.64 million, mainly from amortization according to the lease period.
4. A decrease of deferred income tax assets by Baht 10.42 million, resulted from the decrease of accumulated tax losses.
5. A decrease of other current assets, other intangible assets and other assets by Baht 6.76 million.

The increase in assets

1. An increase of cash and cash equivalents and short-term investment by Baht 48.46 million, resulted from cash from the operation.
2. An increase of trade and other receivables by Baht 5.54 million, resulted from the increase in revenue
3. An increase of available-for-sale investment by Baht 16.28 million, resulted from the decreased in fair value of available-for-sales securities.
4. An increase of investments in associates by Baht 21.91 million, resulted from the recognition of share of profit from investment by the equity method and dividend received from Property Fund.
5. An increase of investments in joint ventures by Baht 5.81 million, resulted from the recognition of share of profit from investment by the equity method.
6. An increase of long-term loan to related parties by Baht 17.17 million, resulted from loan to a joint venture.

Total Liabilities were Baht 3,813.67 million, a decrease of Baht 177.55 million due primarily to the following:

The decrease in liabilities

1. A decrease of trade and other payables by Baht 135.3 million, resulted from trade accounts payable by Baht 27.72 million, payables from acquisition of assets by Baht 25.37 million, deposit received by Baht 46.38 million, unearned revenue of Dusit Thani College by Baht 56.27 million. Accrued expenses increased by Baht 10.77 million, and other payables and others increased by Baht 9.67 million.

2. A decrease of current portion of long-term loan and long-term loans by Baht 102.01 million, because of repayment by subsidiaries during the period.

3. A decrease of deferred rental revenue by Baht 6.27 million, resulted from the realization as income according to the lease period.

The increase in liabilities

1. An increase of bank overdraft and short-term loans from financial institutions by Baht 41.88 million, for the working capital.

2. An increase in accrued income tax by Baht 4.39 million, resulted from the higher performance of subsidiaries.

3. An increase in liabilities from investment in joint venture by Baht 6.41 million, resulted from the recognition share of loss from investment by the equity method of a joint venture.

4. An increase of other current liabilities by Baht 4.42 million.

5. An increase of employee benefit obligations by Baht 9.65 million.

The Equity attributable to owners of the parent was Baht 4,729.14 million, an increase of Baht 135.94 million, resulting from the operations profit of Baht 153.86 million, the measurement loss on available-for-sale investments (fair value) of Baht 12.86 million, an acquisition of non-controlling interest without a change in control of Baht (23.09) million, an exchange conversion difference (loss) on the foreign operations of Baht 7.69 million. The non-controlling interest was Baht 756.44 million, a decrease of Baht 54.83 million.

Financial ratios

Description		31 March 2016	31 December 2015
Debt (excluding deferred rental revenue) to Equity	times	0.58	0.62
Debt (interest bearing debt) to Equity	times	0.36	0.38
Return on Assets (ROA)	%	2.34	3.57
Return on Equity (ROE)	%	3.30	4.41
Book value per share	Baht	55.95	54.34