

Translation

August 14, 2014

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 and six-month periods ended June 30, 2014 compared with the three-month and six-month periods ended June 30, 2013. These financial statements complied with the effective Accounting Standards for the periods beginning on or after 1 January 2014.

The impact of political crisis starting the end of 2013 to 2014 until the launch of Coup d'état and Martial Law on May 22, 2014 resulted to the declining in tourism industry and hotel business in Thailand. Hotel business is our core business of The Company, 64% of total revenue from domestic hotels, which unavoidably affected. Especially Dusit Thani Bangkok had received the highly impact as its revenues decreased from the same period of last year over Baht 220 million, or 52%, and under its expected budget by Baht 270 million, or 56%. However, the Company had revenues from Dusit Thani Maldives amounted to Baht 391.15 million, increased from the same period of last year by Baht 59.75 million, or 18%. The second quarter is the low season of hotel business and seminar groups from overseas had cancelled their meeting since the beginning of the crisis and big seminar groups have not yet returned together with high competitive in pricing, as the result, the performance of hotels were not met their budgets.

For the three-month period ended June 30, 2014 compared with the same period of 2013, the Company had total revenues amounted to Baht 1,064.40 million, increased from the same period of 2013 by Baht 24.98 million, or 2%, and had loss contributed to the Company amounted to Baht 68.79 million. The loss increased from the same period of 2013 by Baht 25.06 million, or 57%. However, the Company had the increment revenues from overseas, Dusit Thani Maldives as mentioned above, and also the management service income increased from the same period of last year by 75%.

For the six-month period ended June 30, 2014 compared with the same period of 2013, the Company had total revenues amounted to Baht 2,494.99 million, decreased from the same period of 2013 by Baht 61.69 million, or 2%, and had loss contributed to the Company amounted to Baht 4.47 million. The loss increased from the same period of 2013 by Baht 103.29 million, or 105%, which detailed as follows:

The Company had revenue from sales and services amounted to Baht 2,212.52 million, decreased from the same period of last year by Baht 162.75 million, or 7%. The significant decrement was resulted from revenues of Dusit Thani Bangkok. Revenues from other hotels were similar to the same period of last year, except Dusit Thani Maldives had revenues increased by 18%. In addition, the revenues from education business increased by 20% whereas other business decreased by 11%.

Other income was Baht 282.47 million, included income received from the compensation claimed from insurers under business interruption policy from the impact of political crisis situation occurred in 2010 of Baht 35.35 million. After deducted such amount, other income was Baht 247.12 million, increased from the same period of last year by 83%, which was in accordance with the long-run plan by increasing the number of management hotels both in Thailand and overseas. For the six-month period ended June 30, 2014, there was management fee income from additional 2 hotels: Dusit Thani Abu Dhabi, United Arab Emirates which opened in July 2013 and DusitD2 Phuket Resort, in Phuket which opened in February 2014.

After deducted cost of sales and selling and administrative expenses, including the opening of sales office expense and a joint venture company in People's Republic of China, promotion and public relation expenses as well as employee relations and other administrative expenses, the earnings before interest, income tax and depreciation and amortization (EBITDA) was Baht 382.22 million, decreased from the same period of last year by Baht 32.24 million, or 8%. Whereas, the profitability of Dusit Thani Maldives increased by 51%. After deducting interest expenses, income tax, depreciation and profit contributed to non-controlling interest, the Company has loss amounted to Baht 4.47 million.

## **Financial Position**

The consolidated statement of financial position of the Company and subsidiaries as of June 30, 2014 compared with the balances as of December 31, 2013 were as follows:

**Total Assets** were Baht 8,197.35 million, decreased by Baht 431.60 million, mainly resulted from the following:

1. The decrease of cash and cash equivalents by Baht 118.50 million, resulted from cash flows from operations of Baht 193.52 million, used in investing of Baht 110.94 million (to renovate and decorate hotel building), and in financing of Baht 199.17 million and the effect of exchange rate changes on balances held in foreign currencies of Baht 1.91 million.

2. The decrease of short-term investment by Baht 17.77 million.

3. The decrease of trade and other receivables by Baht 82.74 million (mainly resulted from Dusit Thani Bangkok because the political crisis was directly impacted to the decline in revenues), and inventories by Baht 9.89 million.

4. The decrease of investment properties, property, plant and equipment by Baht 167.01 million, as resulted of depreciation according to their useful period.

5. The decrease of prepaid rental of land and buildings by Baht 47.55 million because of amortization according to the lease period.

6. The decrease of deferred income tax assets by Baht 24.25 million resulted from the decrease of accumulated tax losses.

7. The increase of available-for-sale investments by Baht 21.23 million, resulted from the increase of fair value of available-for-sale securities, and the increase of investment in associates by Baht 6.98 million, resulted from the recognition of share of profit from investment and dividend received from Property Fund.

8. The increase of other intangible assets and other current assets by Baht 7.90 million.

**Total Liabilities** were Baht 3,435.91 million, decreased by Baht 371.53 million, majority resulted from the following:

1. The decrease of trade and other payables by Baht 194.84 million, since cost of sales from Dusit Thani Bangkok decreased as its revenues decreased resulted from the directly impact of political crisis.

2. The decrease of liabilities under rental guaranteed by Baht 53.55 million, from the payment to DTCPF in March 2014 of Baht 74.13 million.

3. The decrease of short-term loan from related party by Baht 8.57 million.

4. The decrease of income tax payable and other current liabilities by Baht 21.61 million and non-current liabilities by Baht 3.96 million.

5. The decrease of long-term loans by Baht 111.89 million, from repayment during the period.

6. The decrease of deferred rental revenue by Baht 12.61 million.

7. The increase of short-term loans from financial institutions by Baht 35.50 million to use as working capital.

**The Equity attributable to owners of the Company** was Baht 4,065.59 million, decreased by Baht 77.35 million, mainly resulted from the operations (loss for the period) of Baht 4.47 million, the measurement gain on available-for-sale investments (fair value) of Baht 16.83 million, rate exchange conversion difference (loss) on the foreign operations of Baht 4.72 million and dividend paid of Baht 85.00 million. The non-controlling interest was Baht 695.84 million, increased by Baht 17.29 million.

### **Financial ratios**

- Debt (excluding deferred rental revenue) to Equity was 0.58 : 1.
- Debt (only interest bearing debt) to Equity was 0.39 : 1.
- Return on Assets (ROA) was 0.99%.
- Return on Equity (ROE) was -0.11%.
- Book value was Baht 48.09 per share.