

Translation

November 12, 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 nine-month periods ended September 30, 2014 compared with the three-month and nine-month periods ended September 30, 2013. These financial statements complied with the effective Accounting Standards for the periods beginning on or after 1 January 2014.

Dusit Thani Public Company Limited indirectly invested in Dusit Thani College of 86.79% and accounted for the investment as other long-term investment at cost in the consolidated statement of financial position as at 31 December 2013 at book value of Baht 217.72 million. However, during the third quarter of 2014, the Company re-evaluated control of Dusit Thani College and concluded that Dusit Thani College is a subsidiary the Company. As such, the Group consolidated the financial statements of Dusit Thani College in the Company's consolidated financial statements and has restated the consolidated financial statements retrospectively.

For the nine-month period ended September 30, 2014 compared with the same period of 2013, the Company had total revenues decreased from the same period of 2013 by Baht 273 million, or 41%, and below the budget amounting to Baht 353 million, or 47%. However, the Company had the increment revenues from Dusit Thani Maldives which increased from the same period of last year by Baht 121 million, or 26%. In addition, the third quarter is the low season of hotel business, the Thai government has not ceased the marital law, the European Union has delayed to have business in Thailand, as such, the customers in Europe and America, including MICE groups from overseas cancelled and delayed the meeting be organized in Thailand. There is high-price competition, therefore, the hotel performance cannot be achieved the budget.

For the three-month period ended September 30, 2014 compared with the same period of 2013, the Company had total revenues amounted to Baht 1,022.14 million, decreased from the same period of 2013 by Baht 42.99 million, or 4%, and had loss amounting to Baht 83.54 million, including profit from Dusit Thani College amounting to Baht 12.78 million. After deducting the loss of non-controlling interest amounting to Baht 3.42 million, the loss contributed to the Company amounted to Baht 80.12 million.

The loss increased from the same period of 2013 by Baht 49.40 million, or 161%. However, the Company had the increment revenues from overseas, Dusit Thani Maldives as mentioned above. Also management service income increased from the same period of last year by 47%.

For the nine-month period ended September 30, 2014 compared with the same period of 2013, the Company had total revenues amounted to Baht 3,835.74 million, decreased from the same period of 2013 by Baht 35.74 million, or 0.9%, and had loss contributed to the Company amounted to Baht 53.76 million. The loss increased from the same period of 2013 by Baht 146.48 million, or 158%, detailed as below:

The Company had revenue from sales and services amounted to Baht 3,403.90 million, decreased from the same period of last year by Baht 175.35 million, or 5%. The significant decrement was resulted from revenues of Dusit Thani Bangkok. Revenues from other hotels decreased by 5%, except Dusit Thani Maldives had revenues increased by 28%. In addition, the revenues from education business amounting to Baht 339.84 million, including revenues from Dusit Thani College Baht 247.28 million, increased by 16% whereas other business decreased by 11%.

Other income was Baht 431.84 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 396.49 million, increased from the same period of last year by Baht 104.27 million, or 36%, which came from the increase of management service fee comparing to the same period of last year by 74%, according to the long-run plan by increasing the number of management hotels both in Thailand and overseas. For the nine-month period ended September 30, 2014, there was management service 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 532.25 million, decreased from the same period of last year by Baht 51.05 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 23.64 million. The mentioned performance included the net profit from Dusit Thani College amounting Baht 48.29 million. After deducting the profit of non-controlling interest amounting to Baht 30.12 million, net loss contributed to the Company amounted to Baht 53.76 million.

## Financial Position

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

**Total Assets** were Baht 8,807.39 million, decreased by Baht 464.42 million, mainly resulted from the following:

1. The decrease of cash and cash equivalents by Baht 294.39 million, resulted from cash flows from operations of Baht 343.51 million, used in investing of Baht 396.38 million (to renovate and decorate hotel building), and in financing of Baht 242.92 million and the effect of exchange rate changes on balances held in foreign currencies of Baht 1.39 million.

2. The decrease of trade and other receivables by Baht 58.77 million and inventories by Baht 17.53 million, mainly from Dusit Thani Bangkok because of the political crisis.

3. The decrease of investment in associates by Baht 14.55 million, from share of net profit from investments and dividends received from DTCPF.

4. The decrease of investment properties, property, plant and equipment by Baht 203.40 million, as resulted of depreciation according to their useful period.

5. The decrease of prepaid rental of land and buildings by Baht 67.66 million because of amortization according to the lease period.

6. The decrease of deferred income tax assets by Baht 28.57 million resulted from the decrease of accumulated tax losses.

7. The increase of short-term investments by Baht 146.47 million

8. The increase of available-for-sale investments by Baht 61.81 million, resulted from the increase of fair value of available-for-sale securities.

9. The increase of other intangible assets and other non-current assets by Baht 12.17 million.

**Total Liabilities** were Baht 3,630.29 million, decreased by Baht 373.65 million, majority resulted from the following:

1. The decrease of trade and other payables by Baht 187.89 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 31.39 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 8.58 million.

4. The decrease of income tax payable and other current liabilities by Baht 24.95 million and non-current liabilities by Baht 1.35 million.

5. The decrease of long-term loans by Baht 135.24 million, from repayment during the period.

6. The decrease of deferred rental revenue by Baht 19.02 million and deferred tax liabilities by Baht 0.94 million.

7. The increase of short-term loans from financial institutions by Baht 11.20 million to use as working capital.

8. The increase of current portion of long-term loans by Baht 19.16 million.

9. The increase of employee benefits obligations by Baht 5.36 million.

**The Equity attributable to owners of the Company** was Baht 5,177.10 million, decreased by Baht 90.77 million, mainly resulted from the operations (loss for the period) of Baht 53.76 million, the measurement gain on available-for-sale investments (fair value) of Baht 48.82 million, rate exchange conversion difference (loss) on the foreign operations of Baht 16.87 million and dividend paid of Baht 85.00 million. The non-controlling interest was Baht 753.70 million, increased by Baht 16.23 million.

### **Financial ratios**

- Debt (excluding deferred rental revenue) to Equity was 0.57 : 1.
- Debt (only interest bearing debt) to Equity was 0.36 : 1.
- Return on Assets (ROA) was 0.44%.
- Return on Equity (ROE) was -0.12%
- Book value was Baht 52.33 per share.