

August 11, 2017

President & Director

The Stock Exchange of Thailand (SET)

The Company wishes to inform the SET that, according to the Financial Statements for the 3 months Q2/2017 period ended June 30, 2017, the Company and Subsidiary Companies achieved Total Net Profit of Baht 398.3 million, an increase of Baht 44.3 million, or 12.5%, Year-on-Year (YoY) when compared to the same period last year; with details for Q2/2017 operating performance results as follows:

Operating Performance Results - Q2/2017 vs Q2/2016

(Baht - Million)	Q2/2017		Q2/2016		Changes YoY (increase + / decrease -)	
	Amount	%	Amount	%	Amount	%
Hotels Business Revenues	2,001.5	41.9%	1,986.0	41.0%	+15.5	+0.8%
Food Business Revenues	2,772.8	58.1%	2,857.4	59.0%	-84.6	-3.0%
Total Revenues	4,774.3	100.0%	4,843.4	100.0%	-69.1	-1.4%
Cost of Sales – Hotels Business	(786.9)	(16.5%)	(807.0)	(16.7%)	-20.1	-2.5%
Cost of Sales – Food Business ⁽¹⁾	(1,297.9)	(27.2%)	(1,332.0)	(27.5%)	-34.1	-2.6%
Total Cost of Sales⁽¹⁾	(2,084.8)	(43.7%)	(2,139.0)	(44.2%)	-54.2	-2.5%
Less: Selling & General Administrative Expenses	(1,832.6)	(38.4%)	(1,832.5)	(37.8%)	+0.1	+0.1%
Add: Share of Profit/(Loss) from Investments (by equity method)	6.4	0.1%	37.3	0.8%	-30.9	-82.8%
EBITDA	863.3	18.1%	909.2	18.8%	-45.9	-5.0%
Less: Depreciation & Amortization	(415.9)	(8.7%)	(402.6)	(8.3%)	+13.3	+3.3%
EBIT	447.4	9.4%	506.6	10.5%	-59.2	-11.7%
Less: Finance Costs	(56.8)	(1.2%)	(78.8)	(1.6%)	-22.0	-27.9%
Less: Corporate Income Tax	(17.8)	(0.4%)	(91.8)	(1.9%)	-74.0	-80.6%
Less: (Profit)/Loss (Net) from Non-Controlling Interests	0.3	(0.1%)	(7.1)	(0.1%)	-7.4	-104.8%
Core Operating Profit	373.2	7.8%	328.9	6.8%	+44.3	+13.5%
Extraordinary Items						
Add: Revenues from Amortization of Deferred Rental Income CGBS	25.1	0.5%	25.1	0.5%	-	-
Net Profit	398.3	8.3%	354.0	7.3%	+44.3	+12.5%

(1) Cost of Sales EXCLUDES Depreciation and Amortization allocated to Cost of Sales

Overview of operating performance results for Q2/2017

The Central Plaza Hotel Public Company Limited. and its Subsidiary Companies ("Company") achieved, for Q2/2017 period, Total Consolidated Revenues of Baht 4,774.3 million (Q2/2016: Baht 4,843.4 million), a decrease of Baht 69.1 million, or 1.4%, YoY; whereby Total Hotels Business Revenues increased by Baht 15.5 million or 0.8%YoY, while Total Food Business Revenues decreased by Baht 84.6 million or 3.0%YoY. The Total Revenues mix for the Hotels Business and the Food Business is 42 : 58 which is a marginal change from the same period last year of 41 : 59 respectively.

For the Hotels Business, in Q2/2017 the Company achieved Total Revenues of Baht 2,001.5 million, equal to an increase of Baht 15.5 million (+0.8%) YoY from Q2/2016 (Q2/2016: Baht 1,986.0 million). This revenues growth was mainly derived from the Centara Grand Island Resort & Spa Maldives as well the hotel properties in Phuket and Pattaya. The overall tourism industry still continued to support the growth of the hotel business in Thailand with total international tourist arrivals in Q2/2017 of 8.2 million (Q2/2016 : 7.6 million), equal to an increase of Baht 0.6 million (or 7.8%) from the same period last year. The total number tourists from Russia grew by 19%, which increase resulted in the hotel in Pattaya and Phuket continuing to achieve increased room rates. As such, in Q2/2017, those hotels owned and operated by the Company achieved a RevPAR increase of 3.2% resulting mainly from the increase in achieved average room rates (ARR); while ARR was 78.4% or the same as for Q2 last year, with hotels located in the provinces mainly driving the overall increased RevPAR during this Quarter.

As for the Food Business, in Q2/2017 the Company achieved Total Revenues of Baht 2,772.8 million, a decrease of Baht 84.6 million YoY (Q2/2016 : Baht 2,857.4 million), with this decreased revenues mainly resulting from the decreased Same-Store-Sales Growth of -6.2% (Q2/2016 : +3.4%) that came from these QSR brands: KFC, Mister Donut, Auntie Anne's and Ootoya (-6.7%). As at the end of Q2/2017, the Company operated 11 QSR brands and had a total of 824 QSR outlets, comprising of 285 outlets located in Bangkok (equal to 35% of the total number of outlets) and 539 outlets located in the provinces (equal to 65%).

The Company achieved Total Consolidated EBITDA of Baht 863.3 million in Q2/2017, a decrease of Baht 45.9 million (or -5%) YoY, with the overall EBITDA Margin of 18.1% comprising of the Hotels Business EBITDA margin of 24.0% (Q2/2016 : 25.9%). This decrease in the Hotels Business EBITDA margin resulted from the decrease in the share of profits from the CTARAF property fund in Q2/2017, because in the same period last year the CTARAF property fund had a special contribution income relating to a decrease in rental fees and the Company then receiving a share of this special income totaling Baht 31.6 million. As such if this extraordinary revenue item is not taken into consideration for Q2/2016, then in Q2/2017 the Hotels Business would have achieved an EBITDA increase of Baht 7.4 million (or +1.6%)YoY and the EBITDA margin for the Hotels Business would also increase marginally in Q2/2017 when compared to Q2/2016 (23.8%). As for the Food Business, the achieved EBITDA margin in Q2/2017 was 13.8% (Q2/2016 : 14.2%), which decrease resulted mainly from the decrease in the overall Food Business Gross Margin due to the decrease in the overall Same-Stores-Sales (SSS) growth (-6.2%) in this Quarter,

The Company achieved Total Consolidated Net Profit of Baht 398.3 million, an increase of Baht 44.3 million (or +12.5%) YoY. The decrease in total interest costs and corporate income tax due to effective management of the Company's loans and tax planning resulted in the increase of the Company's Total Net Profit for Q2/2017. However, if the extraordinary item from the CTARAF property fund the was not included for Q2/2016, the Company's Total Net Profit in Q2/2017 then would have increased by Baht 75.9 million (or +23.6%).

Operating Performance Results – H1 (Jan-Jun)/2017 vs H1 (Jan – Jun)/2016

(Baht – Million)	H1/2017		H1/2016		Changes YoY (increase + / decrease -)	
	Amount	%	Amount	%	Amount	%
	Hotels Business Revenues	4,735.6	46.9%	4,788.6	47.2%	-53.0
Food Business Revenues	5,359.6	53.1%	5,360.7	52.8%	-1.1	-0.1%
Total Revenues	10,095.2	100.0%	10,149.3	100.0%	-54.1	-0.5%
Cost of Sales – Hotels Business	(1,647.1)	(16.3%)	(1,700.6)	(16.8%)	-53.5	-3.1%
Cost of Sales – Food Business ⁽¹⁾	(2,529.0)	(25.1%)	(2,519.2)	(24.8%)	+9.8	+0.4%
Total Cost of Sales⁽¹⁾	(4,176.1)	(41.4%)	(4,219.8)	(41.6%)	-43.7	-1.0%
Less: Selling & General Administrative Expenses	(3,610.2)	(35.8%)	(3,613.1)	(35.6%)	-2.9	-0.1%
Add: Share of Profit/(Loss) from investments (by equity method)	20.7	0.2%	51.5	0.5%	-30.8	-59.7%
EBITDA	2,329.6	23.1%	2,367.9	23.3%	-38.3	-1.6%
Less: Depreciation and Amortization	(824.0)	(8.2%)	(809.7)	(8.0%)	+14.3	+1.8%
EBIT	1,505.6	14.9%	1,558.2	15.4%	-52.6	-3.4%
Less: Finance Costs	(115.4)	(1.1%)	(160.9)	(1.6%)	-45.5	-28.3%
Less: Corporate Income Tax	(206.9)	(2.1%)	(264.7)	(2.6%)	-57.8	-21.8%
Less: (Profit)/Loss (Net) from Non-Controlling Interests	(51.8)	(0.5%)	(70.8)	(0.7%)	-19.0	-26.8%
Core Operating Profit	1,131.5	11.2%	1,061.9	10.4%	+69.6	+6.6%
Extraordinary Items:						
Add: Revenues from Amortization of Deferred Rental Income CGBS	49.8	0.5%	49.8	0.5%	-	-
Net Profit	1,181.3	11.7%	1,111.7	10.9%	+69.6	+6.3%

(1) Cost of Sales EXCLUDES Depreciation and Amortization allocated to Cost of Sales

Overview of H1(Jan-Jun)/2017 Operating Performance Results

For the first 6 months of 2017 (H1/2017) the Company achieved Total Consolidated Revenues of Baht 10,095.2 million, a decrease of Baht 54.1 million (or -0.5 %) from the same 6 months period of 2016, comprising of Total Hotels Business Revenues of Baht 4,735.6 million together with Total Foods Business Revenues of Baht 5,359.6 million. As such the Total Revenues mix of Hotels Business and Food Business is 47 : 53, which is close to the Total Revenues mix for the same 6 months period of 2016, whereby Total Hotels Revenues decreased by Baht 53.0 million (or -1.1%) YoY and Total Food Business Revenues decreased marginally by Baht 1.1 million YoY.

The Company achieved H1/2017 EBITDA of Baht 2,329.6 million, a decrease of Baht 38.3 million (or -1.6%) from the same period last year; and Total H1/2017 Net Profit of Baht 1,181.3 million, an increase of Baht 69.6 million

(or + 6.3%) (H1/2016 : Baht 1,111.7 million); hereby the increased YoY Net Profit mainly resulted from the decrease of total interests costs and corporate income tax.

1. Analysis of Operating Performance Results.

(1) Revenues

(1.1) Hotels Business

As at June 30, 2017, the Company had a total of 54 hotels in its Hotels Business portfolio (with a total of 11,337 rooms), comprising of 37 hotel properties (7,080 rooms) already in operation together with 17 hotel properties under development (4,257 rooms). As such, of those 37 hotels already in operation, 15 hotels (3,812 rooms) are owned and operated by the Company and 22 hotels (3,268 rooms) are properties operated under the Hotels Management Services Agreement.

Hotel Business KPIs (own operated hotels only)

AVERAGE OCCUPANCY (OCC) -%	Q2 2016	Q2 2017	Change YoY (% points)	Jan-Jun (H1) 2016	Jan-Jun(H1) 2017	Change YoY (% points)
Bangkok	78.6%	73.4%	-5.2%	81.8%	78.7%	-3.1%
Provinces	78.1%	80.8%	2.7%	83.0%	83.3%	0.3%
Maldives	81.5%	76.8%	-4.7%	83.4%	78.7%	-4.7%
Total - Thailand	78.2%	78.5%	0.3%	82.6%	81.9%	-0.7%
Total - All	78.4%	78.4%	0.0%	82.7%	81.7%	-1.0%
AVERAGE ROOM RATES (ARR) - Baht	Q2 2016	Q2 2017	Change YoY (% points)	Jan-Jun (H1) 2016	Jan-Jun(H1) 2017	Change YoY (% points)
Bangkok	3,383	3,469	2.6%	3,397	3,447	1.5%
Provinces	3,285	3,475	5.8%	4,223	4,450	5.4%
Maldives	16,718	17,353	3.8%	20,743	20,200	-2.6%
Total - Thailand	3,315	3,473	4.8%	3,976	4,159	4.6%
Total - All	4,236	4,372	3.2%	5,095	5,181	1.7%
RevPAR- Baht	Q2 2016	Q2 2017	Change YoY (% points)	Jan-Jun (H1) 2016	Jan-Jun(H1) 2017	Change YoY (% points)
Bangkok	2,657	2,545	-4.2%	2,778	2,711	-2.4%
Provinces	2,565	2,807	9.4%	3,507	3,708	5.7%
Maldives	13,629	13,332	-2.2%	17,305	15,902	-8.1%
Total - Thailand	2,593	2,728	5.2%	3,286	3,407	3.7%
Total - All	3,323	3,429	3.2%	4,213	4,233	0.5%

Overview of the Hotels Business operations for Q2/2017

For Q2/2017, the Hotels Business achieved Total Revenues of Baht 2,001.5 million, an increase of Baht 15.5 million (or+0.8%) YoY, with achieved RevPAR increasing by 3.2% YoY resulting mainly from the increased in achieved average room rates (ARR) of +3.2% while achieved average occupancy (OCC) did not change from Q2/2016.

The achieved overall OCC in Q2/2017 was 78.4%, with no change from the same period last year. However, an analysis regarding the hotels' location will show that the OCC of those hotels located in the provinces increased by 2.7 percentage points, while the OCC of those hotels located in Bangkok and the Maldives decreased by 5.2 percentage points and 4.7 points respectively. As for achieved average room rates(ARR) in Q2/2017, overall ARR has increased by 3.2% YoY, whereby the Company has increased room rates for hotels in Bangkok (by+2.6%), the provinces (by +5.8%) and the Maldives (by +3.8%).

With regard to achieved RevPAR, in Q2/2017 those hotels located in the provinces achieved a RevPAR increase of 9.4%, resulting from the increased OCC and ARR; while those hotels located in Bangkok saw a decrease in their OCC resulting in a RevPAR decrease of 4.2 % with the main reason being the decreased OCC. Total international tourists arrivals continued to increase and was the primary factor for the overall increase in the OCC during Q2/2017, with total international tourist arrivals of 8.2 million in Q2/2017 or a YoY increase of 0.6 million (+7.8%); whereby tourists from Russia continued to increase by 19% YoY in Q2/2017, while tourists from China showed signs of increasing from May onwards after having decreased in October 2016. Tourists from Europe, Asia, the USA and other key regions all showed fairly positive growth trends. For this Quarter, a result of the continuing increase in international tourist arrivals – especially from Russia – those hotels located in the provinces – particularly in Pattaya and Phuket achieved overall increased OCC and were able to also achieved ongoing increases in their room rates. While prior to this period, the decrease in tourist arrivals – especially from China – affected the overall ARR, particularly for those hotels located in Bangkok.

As for those hotels located in the Maldives, the achieved RevPAR decreased by 2.2%, mainly as a result of the decrease in the ARR for the Centara Ras Fushi Resort & Spa Maldives due to the increase in overall hotels rooms supply that then resulted in overall ARR to decrease and fairly difficult to be increased in that market. However, the Company expects to revised its strategy that would achieve an increase in overall OCC for the last part of this year. For the Centara Grand Island Resort & Spa Maldives, which is a 5-star hotel, saw a fairly big increase in its achieved RevPAR, since during last year its overall image and profile was revamped resulting in its ARR was adjusted higher from a previously low base line,

Overview of the Hotels Business operations for H1 (Jan-Jun) / 2017

Total H1/2017 Hotels Business Revenues was Baht 4,735.6 million, a decrease of Baht 53.0 million (or 1.1%) YoY, which decrease resulted from the ARR for the 4-star hotel located in the Maldives to increase by only 0.5% YoY. As such, the achieved increase mainly came from those hotels located in the provinces – especially for Pattaya and

Phuket, which saw increases in their OCC and ARR, while overall revenues (including those for meetings) for those hotels located in Bangkok and the Maldives decreased.

Overall OCC for the H1/2017 period was 81.7%, a decrease of 1.0 percentage points YoY, with the hotels located in the Maldives and Bangkok saw a decrease in their OCC of 4.7 percentage points and 3.1 percentage points respectively. At the same time, those hotels located in the provinces saw a marginal increase in their OCC of 0.3 percentage points. For the first half of the year, total international tourist arrivals was 17.3 million, equal to an increase of 4.4%YoY; whereby tourists from China started to increase again since May 2017 but decreased by 3.8% during H1/2017. At the same time, tourists from Europe increase by 7.0%YoY, and tourists from Russia have started to return to Thailand and increased by 30.5% compared to the same period last year.

With regards to ARR, this increased by 1.7%YoY, resulting mainly from the increase in hotel rooms for properties located in the provinces (+ 5.4 %) and also in Bangkok (+ 1.5 %) and the increased tourist arrivals - especially from Russia, which factors apart from being the main drivers helping to drive increased ARR during the first half of 2017, also facilitated the achieved increased room rate for hotels located in the provinces. As such, this resulted in achieved RevPAR increase 5.7% YoY for the hotels located in the provinces; while those hotels located in Bangkok and the Maldives saw a decrease of 2.4% and 8.1% respectively, with the main reason for this decrease for the Bangkok hotels being the decrease in OCC and for the Maldives hotels being the decrease in both OCC and ARR.

(1.2) Food Business

Food Business KPIs – Sales Growth % YOY

	Same Stores Sales (SSS)		Total System Sales (TSS)	
	2Q/2016	2Q/2017	2Q/2016	2Q/2017
4 Core brands	3.2%	-6.7%	6.2%	-3.7%
7 Other brands	5.2%	-1.3%	27.7%	0.0%
Average	3.4%	-6.2%	8.4%	-3.2%

	Same Stores Sales (SSS)		Total System Sales (TSS)	
	H1/2016	H1/2017	H1/2016	H1/2017
4 Core brands	1.6%	-4.2%	4.1%	-1.2%
7 Other brands	4.7%	-0.3%	21.2%	6.4%
Average	1.9%	-3.9%	5.9%	-0.3%

Overview of the Food Business Operations for Q2/2017

Total Food Business Revenues for Q2/2017 was Baht 2,772.8 million, a decrease of Baht 84.6 million, or approximately 3.0%YoY, with the main reason being the 6.2% YoY decrease in Same-Stores-Sales (SSS) due to the overall economic environment that has more or less not yet recovered. Furthermore, the stimulus initiatives by the Government to increase consumer consumption during April 2016 together with the sales promotions undertaken by

KFC in June 2016 both achieved significant success and resulted in significantly high revenues during the Q2/2016 period. Additionally, for the Q2/2017 period, there were more holidays this year compared to last year, which resulted in the YoY decrease of Same-Stores-Sales (SSS) for the core QSR brands, KFC, Mister Donut, Auntie Anne's and Ootoya. However, the other Japanese brands – Pepper Lunch, Yoshinoya, Tenya, and Katsuya – all saw fairly positive increased SSS during Q2/2017.

As at the end of Q2/2017, the Company operated 11 QSR brands with a total of 824 QSR outlets, equal to a net increase of 23 outlets (or a 2.9%)YoY. An analysis of achieved SSS between outlets located in Bangkok and those located in the provinces indicates that the decrease in SSS growth for outlets located in the provinces was higher than that for Bangkok outlets.

Overview of the Food Business Operations for H1 (Jan -Jun)/2017

Total H1/2017 Food Business Revenues was Baht 5,359.6 million, a very marginal decrease YoY (of Baht 1.1 million), resulting from the decreased SSS growth (of -4.2%) for the 4 core QSR brands. While the other Japanese QSR brands (Pepper Lunch, Yoshinoya, Tenya and Katsuya) achieved fairly positive SSS which then resulted in the overall decrease together with the other 7 QSR brands to only decrease slightly (at -0.3%) for the H1/2017 period – with those outlets located in the provinces showing a higher decrease in their SSS growth than those outlets located n Bangkok.

(2) Cost of Sales and Gross Profit

For Q2/2017, the Company and Subsidiary Companies had Total Cost of Sales of Baht 2,084.8 million, (Q2/2016 :Baht 2,139.0 million), which, relative to Total Consolidated Revenues, resulted in a Total Gross Margin of 55.7% (Q2/2016: 55.2%); and for the H1/2017 period ended June 30, 2017 the Company and Subsidiary Companies had Total Cost of Sales of Baht 4,176.1 million (H1/2016 ended June 30, 2016 : Baht 4,219.8 million) which, relative to Total Consolidated Revenues, resulted a Total Gross Margin of 57.7% (H1/2016 : 57.6%), with details for each respective business group as follows:

Business Group	Cost of Sales (Baht-Mln)	Gross Profit (Baht- Mln)	Gross Margin (%)	Cost of Sales (Baht-Mln)	Gross Profit (Baht- Mln)	Gross Margin (%)	% YoY Changes in Cost of Sales
	Q2/2017			Q2/2016			
Hotels Business	786.9	1,163.5	59.7%	807.0	1,124.0	58.2%	-2.5%
Food Business	1,297.9	1,454.1	52.8%	1,332.0	1,508.3	53.1%	-2.6%
Total*	2,084.8	2,617.6	55.7%	2,139.0	2,632.3	55.2%	-2.5%
	H1(Jan-Jun)/2017			H1(Jan-Jun)/2016			
Hotels Business	1,647.1	2,898.8	63.8%	1,700.6	2,933.0	63.3%	-3.1%
Food Business	2,529.0	2,794.0	52.5%	2,519.2	2,810.5	52.7%	+0.4%
Total*	4,176.1	5,692.8	57.7%	4,219.8	5,743.5	57.6%	-1.0%

*Note: Cost of Sales and Gross Profit EXCLUDES Depreciation and Amortization allocated to Costs of Sales

Hotels Business

For Q2/2017, the Company and Subsidiary Companies had Total Costs of Sales for the Hotels Business of Baht 786.9 million, consisting of direct costs, such as: costs in providing guest rooms services together with costs of F&B, salaries and welfare benefits for direct staff, and consumables; and, relative to total sales and services revenues, resulted in a Gross Margin of 59.7% (Q2/2016: 58.2%).

For the H1/2017 ended June 30, 2017, the Company and Subsidiary Companies had Total Cost of Sales for the Hotels Business of Baht 1,647.1 million, which, relative to total and service revenues, resulted in a Total Gross Margin of 63.8% (H1/2016: 63.3%).

Food Business

In Q2/2017, the Company and Subsidiary Companies had Total Costs of Sales for the Food Business of Baht 1,297.9 million, consisting of direct costs, such as: food and beverage materials costs, salaries and welfare benefits for direct staff, and consumables, which, relative Total Foods Business revenues, resulted in a Total Gross Margin of 52.8% (Q2/2016: 53.1%). The Gross Margin decreased slightly YoY, mainly due to some increase costs resulting from changes to the menu items in the Set Menu offering, sales promotions campaigns, and changing of the packaging material/serving plates for the core QSR brands as well as reduced prices for some menu offerings.

For the H1/2017 period, ended June 30, 2017, the Company and Subsidiary Companies had Total Food Business Cost of Sales of Baht 2,529.0 million, which, relative to Total Food Business Sales, resulted in a Total Gross Margin of 52.5% (H1/2016 : 52.7%), a very slight decrease compared to the same period last year.

(3) Selling and General Administrative Expenses

Selling and General Administrative Expenses is comprised of staff salaries and welfare benefits, hotel management expenses, facilities rental costs, costs for credit cards usage, together with QSR franchise and royalty fees, and advertising expenses.

For Q2/2017, the Company and Subsidiary Companies had Total Selling and General Administrative Expense of Baht 1,832.6 million, an increase of Baht 0.1 million, which, relative to Total Consolidated Revenues, equals to 38.4% of total sales revenues (Q2/2016: 37.8%). Total Selling and General Administrative Expenses increased YoY due to both the Hotels Business and the Food Business having marketing promotions and advertising expenses to drive increased sales revenues together with the expansion of the QSR outlets network compared to the same period last year by (net) 23 outlets.

For the H1/2017 period ended June 30, 2017 the Company and Subsidiary Companies had Total Selling and General Administrative Expense of Baht 3,610.2 million, a decrease of Baht 2.9 million (or -0.1%) YoY, which, relative to Total Consolidated Revenues, equals 35.8% of total sales revenues (H1/2016: 35.6%).

(4) Share of Profit from Investments (by the equity method)

In Q2/2017, the Company and Subsidiary Companies received a share of profits from investments (by the equity method) of Baht 6.4 million. A decrease of Baht 30.9 million from Q2/2016, or 82.8%YoY, because the profits from investment in CTARAF, a property investment fund, decreased compared to the previous year. This is due to the fact that in Q2/2016, the CTARAF property fund received a special contribution income relating to a reduction in rental fees, whereby the Company received a share of this special gain totaling Baht 31.6 million.

For the H1/2017 period ended June 30, 2017, the Company and Subsidiary Companies received a share of profits (by the equity method) totaling Baht 20.7 million which decreased Baht 30.8 million, or 59.7%, YoY.

(5) Finance Costs

In Q2/2017, the Company and Subsidiary Companies had total finance costs of Baht 56.8 million (Q2/2016 : Baht 78.8 million). Total Finance Costs decreased by Baht 22.0 million, or 27.9%, YoY due to the overall reduced interest costs because the Company has managed its loans portfolio in a more effective manner.

For the H1/2017 period, ended June 30, 2017, the Company and Subsidiary Companies had total finance costs of Baht 115.4 million (H1/2016: Baht 160.9 million). Total finance costs decreased by Baht 45.5 million, or by 28.3%, due to the reduced interest costs when compared to the same period last year as a result of the Company having managed its loans portfolio in a more effective manner.

(6) Corporate income tax

In Q2/2017, the Company and Subsidiary Companies had total corporate income tax of Baht 17.8 million (Q2/2016: Baht 91.8 million) which decreased Baht 74.0 million, or 80.6% from the same period last year. The reason is that the Company utilised the tax privileges from the establishment of international headquarters scheme and exemption of income tax for income spent for capital expenditure.

For the H1/2017 period ended June 30, 2017 the Company and Subsidiary Companies had total corporate income tax of Baht 206.9 million (H1/2016: Baht 264.7 million), a decrease of Baht 57.8 million, or 21.8%, YoY. The reason for this is the utilisation of the tax privileges from the establishment of international headquarters scheme and exemption of income tax for income spent for capital expenditure.

(7) Share of Profit (net) from Non-Controlling Interests (by the equity method)

In Q2/2017, the Company and Subsidiary Companies had a loss (net), by the equity method, from non-controlling interests of Baht 0.3 million (Q2/2016: profit (net): Baht 7.1 million) which decreased Baht 7.4 million or 104.8%, of the profit (net) from non-controlling interests from the same period last year.

For the H1/2017 period, ended June 30, 2017, the Company and Subsidiary Companies had a share of profits (net) from non-controlling interests totaling Baht 51.8 million (H1/2016: Baht 70.8 million) which decreased Baht 19.0 million, or 26.8%, from the same period last year, of the share of profit (net) from non-controlling interests.

(8) Net Profit

For Q2/2017 the Company and Subsidiary Companies had Total Consolidated Net Profit of Baht 398.3 million, an increase of Baht 44.3 million, or 12.5%, YoY; whereby this is equal to a Net Profit Margin of 8.3% of total revenues and an increase from the Net Profit Margin of 7.3% for the same period last year, resulting from the operating profit of the Company together with the more effective management its loans portfolio and corporate income tax.

For the H1/2017 period, ended June 30, 2017, the Company and Subsidiary Companies had Total Consolidated Net Profits of Baht 1,181.3 million, an increase of Baht 69.6 million, or 6.3%, from the same period last year, whereby this is equal to a Net Profit Margin of 11.7% of total revenues which is a slight increase from the Net Profit Margin of 10.9% for the same period last year

2. Analysis of Financial Position for 2017 and 2016

Assets

Financial Position (Baht - Million)	As at June 30, 2017	As at December 31, 2016	% Changes
Current Assets	2,904	3,043	-4.6%
Non Current Assets	20,896	21,354	-2.1%
Total Assets	23,800	24,397	-2.5%

The Total Assets of the Company and Subsidiary Companies as at June 30, 2017 and the end of 2016 were Baht 23,799.7 million and Baht 24,396.8 million respectively, a decrease of Baht 597.1 million, or -2.5% from the end of 2016, with the majority of the decrease being a reduction in the cash or cash equivalent items together with inventory on hand, trade and other current receivables.

Current Assets as at June 30, 2017 and the end of 2016 were Baht 2,904.1 million and Baht 3,042.7 million respectively and also being equal to 12.2% and 12.5% respectively, The Current Assets of the Company consist of the following important items:

- (1) Cash and cash equivalent as at June 30, 2017 and the end 2016 were Baht 572.9 million and Baht 989.3 million respectively, and equal to 2.4% and 4.1% of Total Assets respectively.
- (2) Trade Receivables from operations (net) as at June 30, 2017 and the end of 2016 were Baht 329.8 million and Baht 424.5 million respectively, and equal to 1.4% and 1.7% of Total Assets respectively. The

Company has trade receivables that is a very small portion of the Total Assets, due to the fact that the Food Business is virtually a total cash-based business while the Hotels Business offers an approximate credit of 15 - 30 days to its sales agents and the managed hotel has actual average collections which is equal to approximately only 15 days.

Non-Current Assets as at and June 30, 2017 and the end of 2016 were Baht 20,895.6 million and Baht 21,354.1 million respectively and equal to 87.8% and 87.5% of Total Assets respectively. Non-Current Assets primarily consist of property, buildings and equipments; whereby, as at June 30, 2017 and the end of 2016, these items were Baht 17,900.1 million and Baht 18,288.2 million respectively, a decrease of 2.1% YoY as a result of the recognition of the depreciation and amortization costs during the period.

3. Financial Liquidity and Sources of Capital Funds

(1) Liquidity and Cash Flow

Cash Flow from operations of the Company and Subsidiary Companies for the 6 months period ended June 30, 2017 and 2016 were Baht 2,424.6 million and Baht 2,278.7 million respectively, an increase of Baht 145.9 million compared to the same period last year

Cash Flow from investment activities of the Company and Subsidiary Companies for the 6 months period ended June 30, 2017 and 2016 include total use in investments of Baht 1,174.1 million and Baht 659.6 million respectively in new fixed assets – namely: construction of buildings and facilities together with purchase of equipment as well as payments for leasehold rights

As for Cash Flow from financing activities of the Company and Subsidiary Companies for the 6 months period ended June 30, 2017 and 2016 included total use of Baht 1,709.9 million and Baht 994.1 million respectively, while during the same 6 month periods, the Company repaid Debentures totaling Baht 1,000 million and also paid dividends totaling Baht 742.5 million and borrowed Baht 400 million from local financial institutions

(2) Liquidity Ratio

Financial Ratios (Times)	As at June 30, 2017	As at December 31, 2016
Liquidity Ratio	0.9	0.7
Interest-bearing Debts : Shareholders Equity	0.6	0.7

As at June 30, 2017 and the end of 2016, the Company and Subsidiary Companies had a Liquidity Ratio of 0.9 times and 0.7 times respectively, with this increase in the Liquidity Ratio 2559 primarily resulting from the repayment of short term loan and borrowings from financial institutions totaling Baht 712.7 million.

As for the Ratio of Interest bearing debts to Shareholder Equity of the Company and Subsidiary Companies as at June 30, 2017, this was 0.6 times (2016: 0.7 times); as such the Company and Subsidiary Companies still has adequate liquidity to repay their debt obligations and associated interests costs.

(3) Sources of Capital Funds

Financial Position (Baht -Million)	As at June 30, 2017	As at December 31, 2016	% Changes
Current Liabilities	3,180	4,706	-32.4%
Non-Current Liabilities	9,337	8,574	8.9%
Total Liabilities	12,517	13,280	-5.7%
Total Shareholder's Equity	11,283	11,117	1.5%
Total Liabilities & Shareholder's Equity	23,800	24,397	-2.4%

Liabilities

The Liabilities of the Company and Subsidiary Companies as at June 30, 2017 and the end of 2016 were Baht 12,516.4 million and Baht 13,279.5 million respectively, whereby Current Liabilities of the Company consist of :

- (1) Trade Payables as at June 30, 2017 and the end of 2016 were Baht 649.5 million and Baht 817.1 million respectively, ad equal to 5.2% and 6.2% of Total Liabilities respectively.
- (2) Bank overdrafts and short term loans from financial institutions decreased by Baht 511.0 million

Non-Current Liabilities of the Company and Subsidiary Companies as at June 30, 2017 and the end of 2016 were Baht 9,337.1 million and Baht 8,573.9 million respectively, with the Company having increased long term loans borrowings from financial institutions totaling Baht 794.9 million.

Shareholder's Equity

As at June 30, 2017 the Company and Subsidiary Companies had Total Shareholder's Equity of Baht 11,283.3 million, an increase from the end of 2016 of Baht 166.0 million, or 1.5% for the 6 month period of Jan – June, 2017

4. Factors impacting future Business Opportunities

It is expected that the Hotels Business will continue to benefit from the positive trends of the tourist industry sector in Thailand with regards to the ongoing projected increase in total tourists arrivals from China for the past May 2017. As for tourist arrivals from Europe, only mid-level growth is expected. While with regards to tourists arrivals from Russia, it is expected that the recent revived growth trends will continue during 2017, since in 6 months of 2017 the total arrivals to Thailand from Russia is still a much as 23% below that of 2014. From the estimates made by the Economist Economic Intelligent Center, it is expected that total full year 2017 international arrivals to Thailand will grow by 8.4%YoY.

However, various external risk factors remain – such as: epidemics, natural disasters (eg: floods), and tense political situations, tensions – that may impact the hotels business. Nevertheless, from past experience, such negative impacts will be for the short term only; while given the dispersal and spread of the Hotels Business throughout the various geographical regions, any negative impacts from such risks will tend to become minimized over time.

As for the food services business, the overall industry trend is stable but positive, although some small degree of operational uncertainty remains - with the Company's potential Food Business revenues growth being dependent on overall consumer confidence, the Government's economic stimulus to boost consumer consumption, overall Public Sector spending, various effective advertising and marketing promotions campaigns as appropriate by the Company by the QSR operators; whereby these are all key factors to successfully help future drive sales. Further, the Company does not expect that the official appointment of a new additional franchise or business partner by Yum Restaurant International (Thailand) Co. to join and manage the franchised outlets located in Bangkok and suburban Provinces and also those located in the Southern provinces, together with the open bidding for other additional franchise outlets, will have any significant impacts on the Company's future activities in managing or expanding its associated QSR outlets.

Outlook for 2017

For 2017, the Company is still focused on achieving Organic Growth, through focusing on improving overall achieved Profit Margins, advance purchase of key raw materials so as to minimize the risk of volatile raw material prices during the year, and more effective management of debts and bank borrowings.

For the Hotels Business, the projected increase in achieved RevPAR for full year 2017 at 2% - 3% YoY, is based on focusing on increased achieved ARR due to on the ongoing increasing trends in the tourism industry sector in Thailand that will positively support hotels operations in Thailand. For properties in Maldives, the performance of Quarter 2 has increasing trend. However, this projection will be considered on a Quarterly basis so as to make any appropriate revisions based on the overall economic situation at that time.

Future activities plans for the Hotels Business will still place importance on the Hotels Management Services activities – both in Thailand and overseas, so as to effectively manage any associated risks and enable the Company to achieve its targeted profit goals due to the revenue from managed hotel has high profit margin. In May 2017, the Company opened new hotel properties, under the Hotels Management Services, in the Middle East, Centara Muscat Oman. For the another hotel, in Doha, Qatar has postponed to be operated in 2018 (formerly in Q4/2017) because of the political situation. Additionally, the Company has signed the management service of 4 new hotels. For plans to develop and invest in other hotel assets in Thailand and overseas to grow overall future business revenues and profits; but through taking into careful consideration these key factors: the associated risks, potential financial returns, and financial discipline. Currently, the Company is in negotiations with a business –partner regarding the development

and construction of the (151 rooms) COSI Samui Hotel with an investment of Baht 350 million that is expected to be completed by the end of 2017. At the same time, the development and construction of the (300 rooms) COSI Pattaya Hotel, with an investment of Baht 620 million, is expected to start in 2017 and be operation in 2019; and as for the planed development of the (550 rooms) Centara Deira Island Beach Resort, Dubai, with an investment of US\$ 160 million, through a Joint venture activity with the Nakheel Property development of Dubai and a detail JV Agreement, based on a 40% investment by the Company is being negotiated for execution. This new property is expected to be in operation by the end of 2020.

As for the Food Business, it is expected that overall TSS growth of 5% - 6% YoY will be achieved, through ongoing planned expansion of approximately 40 – 45 new QSR outlets in 2017 (or equal to 4 – 5 % outlets growth from full year 2016). As such, this continued QSR outlets expansion will be focused mainly on establishing new outlets in shopping malls; while also giving importance to continued effective costs management , so as to support the ongoing increased targeted revenues goals as well as enable achievement profits goals.

Additionally, there are also other supporting factors for Inorganic Growth through possible mergers and acquisitions of businesses or Joint Ventures activities (M&A and JVs) , for which successful execution will largely depend largely upon the final negotiations, details about the exact timing and nature of the activities cannot, for now, be clearly defined as yet.

As for future business expansion, the Company expects that it will be able to make use of cash flow from operations together with acquiring additional borrowings for any new investments; whereby it will still be able to maintain overall financial discipline and control as well as a Debt : Equity Ratio at not more than 1.5 times.

For Your Information accordingly;

Respectfully Yours,



(Dr. Ronnachit Mahatanapruet)
SVP, Finance and Administration