

2 March 2015

SUBJECT : Submit the audited financial statements and clarify the 2014 fiscal year-end results

ATTN : The President
Stock Exchange of Thailand

Attachment : The audited financial statements for year ended 31 December 2014 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the audited financial statements for the year ended 31 December 2014 of Asia Hotel Public Company Limited (“ASIA”) and its subsidiaries which have been approved by the Board of Directors. ASIA would like to clarify the result of the year 2014 as follows:

Analysis and explanations by the management

1. Overall picture of the business operations

In the year 2014, the company and subsidiaries had total revenue of 1,211.25 million baht, a decrease of 104.97 million baht, or 7.98% consist of revenue from hotel business decreased 13.94% from last year and revenue from rental and service decreased 0.53% caused by the affect from political situation from the fourth quarter of year 2013 to the third quarter of year 2014 and affected the number of tourists declined, public customer request to cancel and postpone. The company and its subsidiaries had total gross profit 458.93 million baht, decrease from the previous year by 66.45 million baht or 12.65% lower, and had net profit (the net worth of the parent company) amount to 200.03 million baht, increased from last year 69.12 million baht, higher 52.80%

In the part of leasing space operated by Zeer Property PCL which is its subsidiary, had slightly effect. Zeer Shopping Center Rangsit and Asia Hotel Cha-um were not situated in the political demonstration areas, so they were not impacted.

Income Statement for fiscal year ended December 31, 2014.

Unit : Million Baht	<u>Year 2014</u>	<u>Year 2013</u>	<u>Change</u>	<u>%</u>
REVENUES				
Income from hotel business	628.72	730.58	(101.86)	-13.94%
Rental and services income	582.53	585.64	(3.11)	-0.53%
Total revenues	1,211.25	1,316.22	(104.97)	-7.98%
COST OF SALES AND SERVICE				
Cost of hotel business	437.59	452.93	(15.34)	-3.39%
Cost of rental and services	314.73	337.91	(23.18)	-6.86%
Total cost of sales and services	752.32	790.84	(38.52)	-4.87%
Gross Profit	458.93	525.38	(66.45)	-12.65%
Other income	114.87	62.01	52.86	85.23%
Selling expenses	43.55	40.85	2.7	6.61%
Administrative expenses	175.18	208.94	(33.76)	-16.16%
Management benefit expenses	13.78	19.76	(5.98)	-30.26%
Directors' remuneration	3.48	3.59	(0.11)	-3.06%
Reversal of provision for doubtful debt	(74.55)	(0.91)	(73.64)	8092.31%
Bad debt	-	2.16	(2.16)	-100.00%
Loss on guarantee of other company	3.60	-	3.60	100.00%
Total expenses on selling and administrative	165.04	274.39	(109.35)	-39.85%
Profit before interest and tax	408.76	313.00	95.76	30.59%
Financial cost	105.77	119.38	(13.61)	-11.40%
Profit (loss) before income tax	302.99	193.62	109.37	56.49%
Income tax (expense) revenue	(91.10)	(56.99)	(34.11)	59.85%
Net profit (loss) for the period	211.89	136.63	75.26	55.08%

In an analysis of the operation results for the year 2014 and profitability of the company and its subsidiaries classified according to the revenue structure, cost of sale and service, expense on the operations and financial cost as follows:

Revenue from the hotel business

The company and its subsidiaries had revenue from the total hotel business for 2014 in the amount of 628.72 million baht, a decrease from the previous year by 101.86 million baht, down by 13.94%. The revenue from the hotel business consisted of income from rooms and serviced apartments and income from the cost of food and beverages, which was the cause of increase or decrease of the revenue of each type as follows:

a) Income from the rooms

The company and its subsidiaries operated four hotels consisted of Asia Hotel, which situated in Ratcha Thewi district, Bangkok; Asia Pattaya Hotel at Pattaya city; Asia Airport Hotel in Rangsit, Pathum Thani province, and Asia Hotel Cha-um, at Cha-um Beach, Phetchaburi province. The company and its subsidiaries had revenue from rooms in the year 2014 totaled 377.26 million baht, decreased from the previous year by 81.83 million baht, or 17.82% lower. It was resulted from all the hotels had decreased occupancy rate excluding Asia Cha-um Hotel, its was increased, with the average rate of the four hotels in 2014 equaled to 53.39%. While the previous year had the average rate of occupancy equaled to 66.79%. The hotel had the rate of occupancy in 2014 was highest was in Asia Pattaya Hotel, Pattaya beach, although it received some impact the political demonstrations occurred from the end of 2013 to first quarter for 2014. While the hotel with the least occupancy in 2014 was in Asia Hotel Cha-um due to its last opening, so it takes some time to build up the customer base.

Nonetheless, the average room rate of the four hotels in 2014 increased from the previous year a little with the average room rate in 2014 equaled to 1,253 baht. While in the previous year had the average room rate equaled to 1,200 baht. The increased the average room rate due to sale strategy.

Other than the revenue from the guest rooms in the hotels as mentioned above Asia Airport Hotel, which is a subsidiary also had incomes from serviced apartments, a long-term rent of rooms with the same service as a hotel. This revenue is not much compared with the room income of the hotels. In 2014 it had the revenue from the serviced apartments was 7.29 million, or about 8% of the guest room income of Asia Airport Hotel Rangsit.

Details on Revenue from Hotel Business (Unit: Million baht)	Room		Food & beverages		Total Hotel Business	
	2014	2013	2014	2013	2014	2013
Revenue						
Revenue from hotel business	377.26	459.09	251.46	271.49	628.72	730.58
Proportion of room : F&B	60%	62.8%	40.0%	37.2%	100.0%	100.0%
Cost of sale						
Cost ratio (Cost of Sale/ Revenue)	246.54	261.98	191.05	190.95	437.59	452.93
	65.3%	57.1%	76.0%	70.3%	69.6%	62.0%
Gross Profit						
GP margin (Gross profit/Revenue)	130.72	197.11	60.41	80.54	191.13	277.65
	34.7%	42.9%	24.0%	29.7%	30.4%	38.0%

b) Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in 2014 amounted to 251.46 million baht, decreased 20.03 million baht from the previous year or 13.94%. They had the ratio of the room to income from food and beverage in 2014 was 60:40 which is near the same thing in 2013, or 62.8:37.2.

The income from food and beverages would consist of income from the restaurants in the hotel and from the banquets. In general the income from food and beverages from the restaurants would be in relation with the income from the guest rooms. That is, if there are the more hotel guests, the more income from food and beverages to follow. In 2014 the income from restaurants grew continuously, while income from the banquets depended on marketing to have customers to hold a meeting, seminar or banquet. In year 2014 , they had income from banquets increased from the previous year amount 6.88 million baht or 5.20%

c) Income from rent and services

Zeer Property and its subsidiaries have rental and services income from leasing space income. The income mention before is from 3 places including Zeer Rangsit Shopping Center, Asia Hotel Cha-um Building, and the commercial building “Glendale & Glenhurst” in California, the USA, operated by Zeer Overseas LLC, which is a subsidiary of Zeer Property, incorporated in the USA.

The leasing business of the company was impacted according to the economic conditions in 2014. The company and its subsidiaries had income from rent and service amounted to 582.53 million baht, decreased above the previous year by 3.1 million baht, or 0.53% lower

d) Other Revenue

Other revenue consisted of the profit from received interest, income from laundry, telephone, other income collected from customers and miscellaneous income as well as income on insurance compensation.

Cost of sale and service

Cost of sale and service consists of two main items according to the type of revenue from the operations are the cost of sale from hotel operations and cost from rentals and services

In 2014 the company and its subsidiaries has the cost of sale and service for 752.32 million baht, decreased from the previous year by 38.52 million baht, or 4.87% lower. The company has gross profit margin in 2014 for 37.89% of revenue from the operations, while the previous year had the gross profit of 39.92%. The cost of sale and service can be classified as following:

a) Cost of room sale

In 2014 the company and its subsidiaries had the cost of room sale of 246.54 million baht, decreased from the previous year by 15.44 million baht, or 5.89%, with the cost ratio for room

for 2014 and 2013 equaled to 65.3% and 57.1% . Gross Profit Margin for 2014 and 2013 equal to 34.7% and 42.9% respectively.

b) Cost of food sale and beverages

In 2014 the company and its subsidiaries had the cost of food and beverage sale of 191.05 million baht, or increased by 1.04 million baht, or 0.05% increased from the previous year. They had the ratio of the cost of food and beverage sale for 2014 and 2013 equaled to 76.3% and 70.3% and the gross profit margin for 2014 and 2013 equaled to 24% and 29.7% respectively. It can be seen that the ratio of the cost of food and beverage sale increased from the previous year due to the cost of the fresh foods and the cost of operations increased higher.

c) Cost of rental and service

In 2014, the company and its subsidiaries had the cost of rent and service of 314.72million baht, or reduced by 23.18 million baht, or 6.86% from the previous year due to depreciation cost and reduced operations cost. And the gross profit margin for 2014 and 2013 equaled to 54.03% and 57.7% respectively, and the gross profit margin for 2014 and 2013 equaled to 45.97% and 42.3% respectively.

Expenses on the sale, administration and others

In 2014, the company and its subsidiaries had the expense on sale and service and other expenses totaled 165.04 million baht, decreased from the last year by 109.35 million baht, or 39.85%. which resulted from the revenue from the operations increased and the business expansion of the space rent. It has details on the increase or decrease from the previous year on the expense of each type as follows:

- Selling Expenses in 2014 amounted to 43.54 million baht, increased from the previous year by 2.69 million baht, or 6.61% increase.
- Administrative Expenses in 2014 amounted to 175.18 million baht, decreased by 33.76 million baht, or 16.16% lower.
- Management Benefit expenses in 2014 amounted to 13.78 million baht, decreased from the previous year by 5.97 million baht, or 30.24% lower.
- Directors' Remuneration in 2014 amounted to 3.48 million baht, decreased from the previous year by 0.11 million baht, or 3.02% lower.
- In 2014 there was reversal of provision for doubtful debts of 74.55 million baht while in the previous year it was 0.91 million baht and a write-off 2.16 million baht.

- In 2014, Loss on guarantee of other company increased 3.6 million baht.

Profit before the financial cost and the income tax

In 2014 the company and its subsidiaries had the earnings before interest and taxes (EBIT) 408.76 million baht, increased from the previous year by 95.75 million baht, or 30.59% higher, caused by the subsidiary had received income on insurance compensation 46.65 million baht.

Financial cost

In 2014 the company and its subsidiaries had the financial cost amounted to 105.77 million baht, which is decreased by 13.62 million baht or 11.41% lower. The result is from their gradual repayment the loan to the financial institutions according to the conditions in the loan contract. So the paid interest was the main financial cost had gradually decreased according to the financial loans were reduced.

Net Profit and Tax Expense

In 2014 the company and its subsidiaries had the EBIT totaled 302.99 million baht, or increased from the previous year of 109.37 million baht, or 56.49% higher, and the company incurred a tax expense in 2014 totaled 91.10 million baht, increased from the previous year by 34.12 million, or 59.87% higher. The tax expense adjusted higher in compliance with the profit before the income tax increased over the previous year.

In 2014 the company and its subsidiaries had a net profit (net worth of the parent company) totaled 200.03 million baht, increased from the previous year by 69.12 million baht and the basic earning per share in 2014 equaled to 6.25 baht while in 2013 had the earning per share equaled to 4.09 baht.

This information is provided for notification to the SET and for disclosure to investors.

Best regards,

(Mrs. Pornpun Tanariyakul)
Deputy Managing Director