



14 May 2019

**SUBJECT** : Submit the reviewed financial statements and clarify the result of first quarter ended 31 March 2019

**ATTN** : The President  
Stock Exchange of Thailand

**Attachment** : The reviewed financial statements for the first quarter ended 31 March 2019 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the reviewed financial statements for the first quarter period ended 31 March 2019 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 first quarter period of the year 2019 as follows:

#### **Analysis and explanations by the management**

##### **Overall picture of the business operations**

In the first quarter, the company and subsidiaries had total revenue of 363.56 million baht, an increase of 1.17 million baht, or 0.32%, the company and its subsidiaries had generated 213.15 million baht revenue from the hotel business (the room revenue of Q1/2018 = 210.87 million baht), increased from the previous year by 2.28 million baht, consist of domestic hotel business had revenue of 197.9 million baht and oversea hotel business had revenue of 15.25 million.

In the part of Rental Area Business operated by Zeer Property PCL which is its subsidiary, had rental and service revenue of 150.41 million baht, consist of domestic rental revenue of 140.50 million baht and oversea rental revenue of 9.91 million baht. The revenue from the Rental Area business in this quarter decreased from the previous year by 1.11 million baht or 0.7%.

In Q1/2019 the company and subsidiaries had gross profit of 117.61 million baht (For Q1/2018 had gross profit of 127.73 million baht) and net profit (Equity holders of the parent) amounted of 16.54 million baht, decreased of 25.77 million baht from the previous year.

**Statements of Profit or Loss and other comprehensive income for the three-month periods ended March 31,2019**

Unit : Million Baht	Q1/2019	Q1/2018	Change
	Amount	Amount	Amount
<b>Revenue</b>			
Income from hotel business	213.15	210.87	2.28
Rental and service income	150.41	151.52	(1.11)
<b>Total Revenue</b>	<b>363.56</b>	<b>362.39</b>	<b>1.17</b>
<b>Cost of Sales and Service</b>			
Cost of hotel business	124.12	115.52	8.60
Cost of rental and service	121.83	119.14	2.69
<b>Total cost of sales and services</b>	<b>245.95</b>	<b>234.66</b>	<b>11.29</b>
<b>Gross Profit</b>	<b>117.61</b>	<b>127.73</b>	<b>(10.12)</b>
Other Income	24.24	23.91	0.33
<b>Profit before expenses</b>	<b>141.85</b>	<b>151.64</b>	<b>(9.79)</b>
Selling expenses	18.80	16.48	2.32
Administrative expenses	65.31	57.62	7.69
Management benefit expenses	4.21	4.22	(0.01)
Directors ' remuneration	0.99	0.82	0.17
(Reversal of provision for doubtful debt) Doubtful debt	(0.73)	1.20	(1.93)
<b>Profit before interest and tax</b>	<b>53.27</b>	<b>71.30</b>	<b>(18.03)</b>
Financial cost	31.28	25.98	5.30
<b>Profit (loss) before income tax</b>	<b>21.99</b>	<b>45.32</b>	<b>(23.33)</b>
Income tax (expense) revenue	5.25	2.63	2.62
<b>Net profit (loss) for the period</b>	<b>16.74</b>	<b>42.69</b>	<b>(25.95)</b>

In an analysis of the operation results for the first quarter of year 2019 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:

<b>Details on Revenue from Hotel Business</b>						
Unit : Millon Baht	<b>Room</b>		<b>Food &amp; Beverage</b>		<b>Total Hotel Business</b>	
	<b>Q 1 / 2019</b>	<b>Q 1 / 2018</b>	<b>Q 1 / 2019</b>	<b>Q 1 / 2018</b>	<b>Q 1 / 2019</b>	<b>Q 1 / 2018</b>
<b>Revenue</b>						
<b>Revenue from hotel business</b>	<b>144.99</b>	<b>138.63</b>	<b>68.16</b>	<b>72.24</b>	<b>213.15</b>	<b>210.87</b>
<b>Proportion of Room : F&amp;B</b>	<b>68.0%</b>	<b>65.7%</b>	<b>32.0%</b>	<b>34.3%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Cost of Sale</b>	<b>68.76</b>	<b>60.28</b>	<b>55.36</b>	<b>55.24</b>	<b>124.12</b>	<b>115.52</b>
<b>Cost Ratio (Cost of Sale / Revenue)</b>	<b>47.4%</b>	<b>43.5%</b>	<b>81.2%</b>	<b>76.5%</b>	<b>58.2%</b>	<b>54.8%</b>
<b>Gross Profit</b>	<b>76.23</b>	<b>78.35</b>	<b>12.80</b>	<b>17.00</b>	<b>89.03</b>	<b>95.35</b>
<b>GP Margin (Gross profit / Revenue)</b>	<b>52.6%</b>	<b>56.5%</b>	<b>18.8%</b>	<b>23.5%</b>	<b>41.8%</b>	<b>45.2%</b>

### 1) Income from the rooms

The company and its subsidiaries operated 7 hotels consisted of 1) Asia Hotel, which situated in Ratcha Thewi district, Bangkok, 2) Asia Pattaya Hotel at Pattaya city, 3) Asia Airport Hotel in Rangsit, Pathum Thani province, 4) Asia Hotel Cha-um, at Cha-um Beach, Phetchaburi province, 5) Ratchapruek Lanna Boutique at Nongkwai Sub-district, Hang Dong District, Chiang Mai, 6) Darley Hotel Chiang Mai at Chang Moi, Amphoe Mueang, Chiang Mai and 7) Quality Inn Long Beach Airport, located 3201 E. Pacific High Way, Signal Hill, California, U.S.A.. The company and its subsidiaries had revenue from rooms in the first quarter of year 2019 totaled 213.15 million baht, increased from the same quarter of previous year by 2.28 million baht or 1.1% higher.

Revenue from rooms in Q1/2019 totaled 144.99 million baht ( Domestic room revenue was 129.74 million baht and oversea room revenue was 15.25 million baht, increased from Q1/2018 that revenue amount 138.63 million baht, by 6.36 million baht or 4.6% higher. The average rate of occupancy of the seven hotels in Q1/2019 equaled to 68.73% while the first quarter of previous year had the average rate of occupancy equaled to 78.20%.

However, the average room rate of the seven hotels in Q1/2019 equaled to 1,402 baht, is higher from the previous year while the first quarter of previous year had the average room rate equaled to 1,306 baht.

### Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in Q1/2019 amounted to 68.16 million baht, decreased from the previous year by 4.08 million baht. In general, the income from food and beverages from the restaurants would be in relation to the income from the guest rooms. For food and beverage income in 2019, this has decreased, but not related to the increased room income which is the result of the current travel behavior of tourists, often traveling with a family or being a group of friends and preferring to reserve a room via the Internet, Online Travel Agent (OTA) system.

Therefore, the business strategy of Asia Hotel Group will be this target group and it was good response from mid-2560 to present.

This is due to the change of behavior of customers who booked only the room, excluding breakfast (ABF), thus causing room revenue and food costs, the rate of adjustment is not related.

## 2) Income from rent and services

Zeer Property and its subsidiaries have rental and services income from leasing space income such as 1) Zeer Rangsit Shopping Center, 2) The Hub Shopping Mall, 3) AA-Town Apartment, 4) Asia Airport Hotel, Rungsit 5) Asia Cha-um Hotel and the 3 subsidiaries that shareholding by Zeer Property consist of 1) Zeer Asset Co., Ltd. which invested and leasing in “Rachapruek Lanna Boutique” Chiang Mai in 2018, 2) Spa Hotel Co., Ltd. which operated “Laan Sook Plaza Project” and leasing in “Darley Hotel Chiang Mai” and 3) Zeer Overseas LLC, which is a subsidiary of Zeer Property, incorporated in the USA., which operated “Glendale Plaza” in California, USA. In 2018, Zeer Overseas LLC has invested in “Quality Inn Long Beach Airport” in U.S.A.

Details on Revenue from Rental and Service Business						
Unit Million Baht	Domestic		Overseas		Total	
	Q 1 / 2019	Q 1 / 2018	Q 1 / 2019	Q 1 / 2018	Q 1 / 2019	Q 1 / 2018
<b>Revenue</b>						
Revenue from rental and service business	140.50	145.81	9.91	5.71	150.41	151.52
<b>Cost of Sale</b>	120.32	117.54	1.51	1.60	121.83	119.14
Cost Ratio(Cost of Sale / Revenue)	85.6%	80.6%	15.2%	28.0%	81.0%	78.6%
<b>Gross Profit</b>	20.18	28.27	8.40	4.11	28.58	32.38
GP Margin(Gross profit / Revenue)	14.4%	19.4%	84.8%	72.0%	19.0%	21.4%

Rental and service income in the first quarter of 2019 was 150.41 million baht (Domestic Rental Revenue 140.50 million baht and Overseas Rental Revenue 9.91 million baht) , a decrease of Baht 1.11 million baht from the same quarter of last year due to in the process of changing the layout of rental area inside the Zeer Rangsit Shopping Center. There are improvement in front of the building and the market around outside of building.

## 3) Other Revenue

Other revenue consisted of rental, service and electricity, laundry, telephone, gain on exchange rate and other revenue collected from customers and miscellaneous things.

## **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 Q1 of 2019 the company and its subsidiaries has the cost of sale and service for 245.95 million baht, increased from the previous year by 11.29 million baht, or 4.81% higher. The company has gross profit margin decline in 2019 for 32.3% of revenue from the operations, while the previous year had the gross profit of 35.2%. The cost of sale and service can be classified as following:

### **a) Cost of room sale**

In 1<sup>st</sup> quarter of 2019 the company and its subsidiaries had the cost of room sale of 68.76 million baht, increased from the previous year by 8.48 million baht, or 14.1% higher, with the cost ratio for room sale in Q1 of 2019 and 2018 for 47.4% and 43.5%. The gross profit margin for Q1 of 2019 and 2018 equaled to 52.6% and 56.5% respectively.

### **Cost of food sale and beverages**

In 1<sup>st</sup> quarter of 2019 the company and its subsidiaries had the cost of food and beverage sale of 55.36 million baht, or increased by 0.12 million baht, or 0.2% was increased from the previous year. They had the ratio of the cost of food and beverage sale for 2019 and 2018 equaled to 81.2% and 76.5% and the gross profit margin for 2019 and 2018 equaled to 18.8% and 23.5% respectively.

### **b) Cost of rental and service**

In 1<sup>st</sup> quarter of 2019, the company and its subsidiaries had the cost of rent and service of 121.83 million baht (Cost of Rental and service from Domestic business equaled 120.32 million baht and Oversea business equaled 2.78 million baht), or 2.69% higher from the previous year. The gross profit margin for 2019 and 2018 equaled to 19.0% and 21.4% respectively.

## **Expenses on the sale, administration and others**

In 1<sup>st</sup> quarter 2019, the company and its subsidiaries had the expense on sale and service and other expenses totaled 88.58 million baht, increased from the previous year by 8.24 million baht. It has details on the increase or decrease from the previous year on the expense of each type as follows:

- Expense on sale in 2019 amounted to 18.8 million baht, increased from the previous year by 2.32 million baht, or 14.08% higher.
- Expense on administration cost in 2019 amounted to 65.31 million baht, increased by 7.69 million baht, or 13.35% higher.
- Compensation for the management in 2019 amounted to 4.21 million baht, decreased from the previous year by 0.01 million baht, or 0.24% lower.

- Compensation for the directors in 2019 amounted to 0.99 million baht, increased from the previous year by 0.17 million baht, or 20.73% higher.
- In 2019 The Company had the reversal of provision for doubtful debts of 0.73 million baht while in the previous year had the reversal of provision for doubtful debts of 1.20 million baht, decreased by 0.19 million baht due to the subsidiary company received payment of outstanding receivables overdue.

### **Profit before the financial cost and the income tax**

In Q1/2019 the company and its subsidiaries had the earnings before interest and taxes (EBIT) 53.27 million baht, decreased from the same quarter of previous year by 18.03 million baht, or 25.29% lower.

### **Financial cost**

In Q1/2019 the company and its subsidiaries had the financial cost amounted to 31.28 million baht, while in Q1/2018 amounted 25.98 million baht, which was increased by 5.3 million baht.

### **Net Profit**

In 2019 the company and its subsidiaries had a net profit (net worth of the parent company) totaled 16.54 million baht, decreased from the previous year by 25.77 million baht and the basic earning per share in 2019 equaled to 0.05 baht while in Q1/2018 had the earning per share equaled to 0.13 baht.

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

Best regards,

(Mrs. Pornpun Tanariyakul)

Deputy Managing Director