

15 August 2016

**SUBJECT :** Submit the reviewed financial statements and clarify the result of second quarter ended 30 June 2016

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

**Attachment :** The reviewed financial statements for the second quarter ended 30 June 2016 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the reviewed financial statements for the second quarter period ended 30 June 2016 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 second quarter period of the year 2016 as follows:

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

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

In second quarter, the company and subsidiaries had total revenue of 311.54 million baht, a decrease of 21.98 million baht, or 6.59%, the company and its subsidiaries had generated 158.23 million baht revenue from the hotel business, decreased from the previous year by 30.47 million baht.

In the part of leasing space operated by Zeer Property PCL which is its subsidiary, had rental and service revenue of 153.31 million baht. The revenue from the space leased business increased from the previous year by 8.49 million or 5.86% caused by new shopping center project “The Hub” which was opened in the mid-year 2015.

In Q2/2016 the company and subsidiaries had gross profit of 76.81 million baht (For Q2/2015 had gross profit of 111.29 million baht) and net loss (Equity holders of the parent) amounted 3.55 million baht decreased of 46.63 million baht from the previous year.

**Statements of Profit or Loss and other comprehensive income for the three-month periods ended June 30,2016**

Unit : Million Baht	Q2/2016	Q2/2015	Change
			Amount
Revenue			
Income from hotel business	158.23	188.70	(30.47)
Rental and service income	153.31	144.82	8.49
<b>Total Revenue</b>	<b>311.54</b>	<b>333.52</b>	<b>(21.98)</b>
Cost of hotel business	118.65	120.62	(1.97)
Cost of rental and service	116.08	101.61	14.47
Total cost of sales and service	<b>234.73</b>	<b>222.23</b>	<b>12.50</b>
Gross Profit	76.81	111.29	(34.48)
Other Income	19.07	20.22	(1.15)
Profit before expenses	95.88	131.51	(35.63)
Selling expenses	13.90	24.11	(10.21)
Administrative expenses	50.83	47.08	3.75
Management benefit expenses	3.82	3.59	0.23
Director ' remuneration	0.64	0.77	(0.13)
Reversal of provision for doubtful debt	(0.43)	(16.94)	16.51
<b>Profit before interest and tax</b>	<b>27.13</b>	<b>72.89</b>	<b>(45.76)</b>
Financial cost	27.71	23.61	4.10
profit (loss) before income tax	<b>(0.58)</b>	<b>49.28</b>	<b>(49.86)</b>
Income tax (expense) revenue	2.00	4.80	(2.80)
Net profit (loss) for the period	<b>(2.58)</b>	<b>44.48</b>	<b>(47.06)</b>

In an analysis of the operation results for the second quarter of year 2016 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:

Details on Revenue from Hotel Business						
Unit Million Baht	Room		Food & Beverage		Total Hotel Business	
	Q2 / 2016	Q2 / 2015	Q2 / 2016	Q2 / 2015	Q2 / 2016	Q2 / 2015
Revenue						
Revenue from hotel business	96.86	112.34	61.37	76.36	158.23	188.70
Proportion of Room : F&B	61.2%	59.5%	38.8%	40.5%	100.0%	100.0%
Cost of Sale	65.74	57.10	52.90	63.53	118.64	120.63
Cost Ratio(Cost of Sale / Revenue)	67.9%	50.8%	86.2%	83.2%	75%	64%
Gross Profit	31.12	55.24	8.47	12.83	39.59	68.07
GP Margin(Gross profit / Revenue)	32.1%	49.2%	13.8%	16.8%	25.0%	36.1%

### 1) 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 hotel business for Q2/2016 totaled 158.23 million baht , decreased from the previous year by 30.47 million baht or 16.15% lower.

Revenue from rooms in Q2/2016 totaled 96.86 million baht, decreased from Q2/2015 that revenue amount 112.34 million baht. The average rate of occupancy of the four hotels in Q2/2016 equaled to 56.55% while the second quarter of previous year had the average rate of occupancy equaled to 71.39%.

However, the average room rate of the four hotels in Q2/2016 equaled to 1,150 baht , increased from the previous year while the second quarter of previous year had the average room rate equaled to 1,128 baht.

### Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in Q2/2016 amounted to 61.37 million baht, decreased from the previous year 14.99 million baht. In general the income from food and beverages from the restaurants would be in relation with the income from the guest rooms. And Thai Government support to seminar market in the year 2015 but Government reduce budgeting on seminar in 2016.

## 2) 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.

Details on Revenue from Rental and service Business						
Unit Million Baht	Domestic		Overseas		Total	
	Q 2 / 2016	Q 2 / 2015	Q 2 / 2016	Q 2 / 2015	Q 2 / 2016	Q 2 / 2015
Revenue						
Revenue from rental and service business	148.60	140.19	4.71	4.63	153.31	144.82
Cost of Sale	112.97	98.79	3.11	2.81	116.08	101.60
Cost Ratio(Cost of Sale / Revenue)	76.0%	70.5%	66.0%	60.7%	75.7%	70.2%
Gross Profit	35.63	41.40	1.60	1.82	37.23	43.22
GP Margin(Gross profit / Revenue)	24.0%	29.5%	34.0%	39.3%	24.3%	29.8%

## 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 Q2 of 2016 the company and its subsidiaries has the cost of sale and service for 234.73 million baht, increased from the previous year by 12.50 million baht, or 5.62% higher. The company has gross profit margin decline in 2016 for 24.65% of revenue from the operations, while the previous year had the gross profit of 33.37%. The cost of sale and service can be classified as following:

#### a) Cost of room sale

In 2<sup>nd</sup> quarter of 2016 the company and its subsidiaries had the cost of room sale of 65.74 million baht, increased from the previous year by 8.64 million baht, or 15.13% higher, with the cost ratio for room sale in Q2 of 2016 and 2015 for 67.9% and 50.80%. The gross profit margin for Q2 of 2016 and 2015 equaled to 32.1% and 49.2% respectively.

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

In 2<sup>nd</sup> quarter of 2016 the company and its subsidiaries had the cost of food and beverage sale of 52.90 million baht, or increased by 10.63 million baht, or 16.73% higher from the previous year. They had the ratio of the cost of food and beverage sale for 2016 and 2015 equaled to 86.2% and 83.20% and the gross profit margin for 2016 and 2015 equaled to 13.8% and 16.8% respectively.

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

In 2<sup>nd</sup> quarter of 2016, the company and its subsidiaries had the cost of rent and service of 116.08 million baht, or increased by 14.48 million baht or 14.25% higher from the previous year. The gross profit margin for 2016 and 2015 equaled to 24.3% and 29.8% respectively.

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

In 2<sup>nd</sup> quarter 2016, the company and its subsidiaries had the expense on sale and service and other expenses totaled 68.75 million baht, increased from the year before by 10.13 million baht, or 17.28% higher. It has details on the increase or decrease from the previous year on the expense of each type as follows:

- Expense on sale in 2016 amounted to 13.9 million baht, decreased from the previous year by 10.21 million baht, or 42.35% lower.
- Expense on administration cost in 2016 amounted to 50.83 million baht, increased by 3.75 million baht, or 7.97% higher.
- Compensation for the management in 2016 amounted to 3.82 million baht, increased from the previous year by 0.23 million baht, or 6.41% higher.
- Compensation for the directors in 2016 amounted to 0.64 million baht, decreased from the previous year by 0.13 million baht, or 16.86% lower.
- In 2016 The Company had the reversal of provision for doubtful debts of 0.43 million baht while in the previous year had the reversal of provision for doubtful debts of 16.94 million baht, decreased 16.51 million baht due to the Company reversed the allowance for doubtful accounts receivable and accrued interest to be paid back.

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

In Q2/2016 the company and its subsidiaries had the earnings before interest and taxes (EBIT) 27.13 million baht, decreased from the same quarter of previous year by 72.89 million baht, or 62.78% lower.

### **Financial cost**

In Q2/2016 the company and its subsidiaries had the financial cost amounted to 27.71 million baht, while in Q2/2015 amounted 23.61 million baht, which is increased by 4.10 million baht due to loan from financial institution to invest in the Hub Project.

### **Net Profit**

In 2016 the company and its subsidiaries had a net loss (net worth of the parent company) totaled 3.55 million baht, decreased from the previous year by 46.63 million baht and the basic loss per share in 2016 equaled to 0.11 baht while in Q2/2015 had the earning per share equaled to 1.35 baht.

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

Best regards,

(Mrs. Pornpun Tanariyakul)

Deputy Managing Director