



15 August 2017

SUBJECT : Submit the reviewed financial statements and clarify the result of second quarter ended 30 June 2017

ATTN : The President
Stock Exchange of Thailand

Attachment : The reviewed financial statements for the second quarter ended 30 June 2017 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the reviewed financial statements for the second quarter period ended 30 June 2017 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 2017 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 304.44 million baht, a decrease of 7.10 million baht, or 2.28%, the company and its subsidiaries had generated 151 million baht revenue from the hotel business (the room revenue of Q2/2016 = 158.23 million baht), decreased from the previous year by 7.23 million baht.

In the part of Rental Area Business operated by Zeer Property PCL which is its subsidiary, had rental and service revenue of 153.44 million baht. The revenue from the Rental Area business in Q2/2016 of 153.31 million, similar as the previous year.

In Q2/2017 the company and subsidiaries had gross profit of 80.16 million baht (For Q2/2016 had gross profit of 82.77 million baht) and net loss (Equity holders of the parent) amounted 6.98 million baht, increased of 7 million baht from the previous year.

Statements of Profit or Loss and other comprehensive income for the three -month periods ended June 30,2017

| Unit : Millon Baht | Q 2/2017 | Q 2/2016 | Change |
|---|---------------|---------------|---------------|
| | | | Amount |
| Revenue | | | |
| Income from hotel business | 151.00 | 158.23 | (7.23) |
| Rental and service income | 153.44 | 153.31 | 0.13 |
| Total Revenue | 304.44 | 311.54 | (7.10) |
| Cost of Sales and Services | | | |
| Cost of hotel business | 108.97 | 114.18 | (5.21) |
| Cost of rental and service | 115.31 | 114.59 | 0.72 |
| Total cost of sales and service | 224.28 | 228.77 | (4.49) |
| Gross Profit | 80.16 | 82.77 | (2.61) |
| Other Income | 18.77 | 19.07 | (0.30) |
| Profit before expenses | 98.93 | 101.84 | (2.91) |
| Selling expenses | 15.21 | 15.54 | (0.33) |
| Administrative expenses | 56.40 | 50.49 | 5.91 |
| Management benefit expenses | 3.70 | 3.82 | (0.12) |
| Director ' remuneration | 0.63 | 0.64 | (0.01) |
| Reversal of provision for doubtful debt | (0.63) | (0.43) | (0.20) |
| Profit before interest and tax | 23.62 | 31.78 | (8.16) |
| Financial cost | 27.95 | 27.71 | 0.24 |
| profit (loss) before income tax | (4.33) | 4.07 | (8.40) |
| Income tax (expense) revenue | 2.10 | 3.07 | (0.97) |
| Net profit (loss) for the period | (6.43) | 1.00 | (7.43) |
| | | | |

In an analysis of the operation results for the second quarter of year 2017 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 | |
| | Q 2 / 2017 | Q 2 / 2016 | Q 2 / 2017 | Q 2 / 2016 | Q 2 / 2017 | Q 2 / 2016 |
| Revenue | | | | | | |
| Revenue from hotel business | 90.97 | 96.86 | 60.03 | 61.37 | 151.00 | 158.23 |
| Proportion of Room : F&B | 60.2% | 61.2% | 39.8% | 38.8% | 100.0% | 100.0% |
| Cost of Sale | 56.79 | 56.75 | 52.18 | 57.43 | 108.97 | 114.18 |
| Cost Ratio(Cost of Sale / Revenue) | 62.4% | 58.6% | 86.9% | 93.6% | 72.2% | 72.2% |
| Gross Profit | 34.18 | 40.11 | 7.85 | 3.94 | 42.03 | 44.05 |
| GP Margin(Gross profit / Revenue) | 37.6% | 41.4% | 13.1% | 6.4% | 27.8% | 27.8% |

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. In Q2/2017, The company and its subsidiaries had revenue from hotel business totaled 151.00 million baht , decreased from the previous year by 7.23 million baht or 4.57% lower.

Revenue from rooms in Q2/2017 totaled 90.97 million baht, decreased from Q2/2016 that revenue amount 96.86 million baht, by 5.89 million baht or 6% lower. The average rate of occupancy of the four hotels in Q2/2017 equaled to 50.87% while the second quarter of previous year had the average rate of occupancy equaled to 56.55%.

However, the average room rate of the four hotels in Q2/2017 equaled to 1,301 baht, is increased from the previous year while the second quarter of previous year had the average room rate equaled to 1,230 baht.

Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in Q2/2017 amounted to 60.03 million baht, and the income of food and beverages from restaurants and banquets in Q2/2016 amounted to 61.37 million baht. In general the income from food and beverages from the restaurants would be in relation with the income from the guest rooms.

The revenue of the hotel business was down from the same quarter of last year. The main cause was the effect of the events in the fourth quarter of 2016, which was the absence of a party to commemorate His Majesty the King, Bhumibol Adulyadej and accompanying the “Zero-Dollar Tour”, this event resulted in the second quarter of 2017.

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 / 2017 | Q 2 / 2016 | Q 2 / 2017 | Q 2 / 2016 | Q 2 / 2017 | Q 2 / 2016 |
| Revenue | | | | | | |
| Revenue from rental and service business | 146.53 | 148.60 | 6.91 | 4.71 | 153.44 | 153.31 |
| | | | | | | |
| Cost of Sale | 111.95 | 111.48 | 3.36 | 3.11 | 115.31 | 114.59 |
| Cost Ratio(Cost of Sale / Revenue) | 76.4% | 75.0% | 48.6% | 66.0% | 75.1% | 74.7% |
| | | | | | | |
| Gross Profit | 34.58 | 37.12 | 3.55 | 1.60 | 38.13 | 38.72 |
| GP Margin(Gross profit / Revenue) | 23.6% | 25.0% | 51.4% | 34.0% | 24.9% | 25.3% |

Rental and service income for the second quarter of 2017 was 153.44 million baht, a little increase from the same quarter of last year due to there are new shop tenants in this year while there were vacant space last year.

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 2017 the company and its subsidiaries has the cost of sale and service for 224.28 million baht, decreased from the previous year by 4.49 million baht, or 1.96% lower. The company has gross profit margin decline in 2017 for 26.3% of revenue from the operations, while the previous year had the gross profit of 26.6%. The cost of sale and service can be classified as following:

a) Cost of room sale

In Q2 of 2017 the company and its subsidiaries had the cost of room sale of 56.79 million baht, and cost of room sale of 56.75 million baht of the previous year with the cost ratio for room sale in Q2 of 2017 and 2016 for 62.40% and 58.6%. The gross profit margin for Q2 of 2017 and 2016 equaled to 37.6% and 41.4% respectively.

Cost of food sale and beverages

In 2nd quarter of 2017 the company and its subsidiaries had the cost of food and beverage sale of 52.18 million baht, or decreased by 5.25 million baht, or 9.14% decreased from the previous year. They had the ratio of the cost of food and beverage sale for 2017 and 2016 equaled to 86.9% and 93.6% and the gross profit margin for 2017 and 2016 equaled to 13.1% and 6.4% respectively.

b) Cost of rental and service

In 2nd quarter of 2017, the company and its subsidiaries had the cost of rent and service of 115.31 million baht (Cost of Rental and service from Domestic business equaled 111.95 million baht and Oversea business equaled 3.36 million baht), or 0.72% higher from the previous year. The gross profit margin for 2017 and 2016 equaled to 24.9% and 25.3% respectively.

Expenses on the sale, administration and others

In 2nd quarter 2017, the company and its subsidiaries had the expense on sale and service and other expenses totaled 75.31 million baht, increased from the previous year by 5.25 million baht or 7.49%. It has details on the increase or decrease from the previous year on the expense of each type as follows:

- Expense on sale in 2017 amounted to 15.21 million baht, decreased from the previous year by 0.33 million baht, or 2.12% lower.
- Expense on administration cost in 2017 amounted to 56.40 million baht, increased by 5.91 million baht, or 11.71% higher.
- Compensation for the management in 2017 amounted to 3.70 million baht, decreased from the previous year by 0.12 million baht, or 3.14% lower.
- Compensation for the directors in 2017 amounted to 0.63 million baht, decreased from the previous year by 0.01 million baht, or 1.56% lower.
- In 2017 The Company had the reversal of provision for doubtful debts of 0.63 million baht while in the previous year had the reversal of provision for doubtful debts of 0.43 million baht, increased by 0.20 million baht.

Profit before the financial cost and the income tax

In Q2/2017 the company and its subsidiaries had the earnings before interest and taxes (EBIT) 23.62 million baht, decreased from the same quarter of previous year by 8.16 million baht, or 25.68% lower.

Financial cost

In Q2/2017 the company and its subsidiaries had the financial cost amounted to 27.95 million baht, while in Q2/2016 amounted 27.71 million baht, which is increased by 0.24 million baht.

Net Profit

In 2017 the company and its subsidiaries had a net loss (net worth of the parent company) totaled 6.98 million baht, increased from the previous year by 7.00 million baht and the basic earning (loss) per share in 2017 equaled to 0.22 baht.

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

Best regards,

(Mrs. Pornpun Tanariyakul)

Deputy Managing Director