



14 August 2018

**SUBJECT** : Submit the reviewed financial statements and clarify the result of second quarter ended 30 June 2018

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

**Attachment** : The reviewed financial statements for the second quarter ended 30 June 2018 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the reviewed financial statements for the second quarter period ended 30 June 2018 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 2018 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 316.10 million baht, an increase of 11.67 million baht, or 3.83%, the company and its subsidiaries had generated 168.61 million baht revenue from the hotel business (the room revenue of Q2/2017 = 151 million baht), increased from the previous year by 17.61 million baht.

In the part of Rental Area Business operated by Zeer Property PCL which is its subsidiary, had rental and service revenue for Q2/2018 of 147.49 million baht. The revenue from the Rental Area business in Q2/2017 of 147.49 million baht, the revenue was decreased from the previous year-

In Q2/2018 the company and subsidiaries had gross profit of 77.82 million baht (For Q2/2018 had gross profit of 80.15 million baht) and net profit (Equity holders of the parent) amounted 10.14 million baht, decreased of 0.19 million baht from the previous year.

**Statements of Profit or Loss and other comprehensive income for the three-month periods ended June 30, 2018**

Unit : Millon Baht	Q 2/2018	Q 2/ 2017	Change Amount
<b>Revenues</b>			
Income from hotel business	168.61	151.00	17.61
Rental and services income	147.49	153.43	(5.94)
<b>Total Revenues</b>	<b>316.10</b>	<b>304.43</b>	<b>11.67</b>
Cost of hotel business	114.24	108.97	5.27
Cost of rental and service	124.04	115.31	8.73
<b>Total cost of sales and services</b>	<b>238.28</b>	<b>224.28</b>	<b>14.00</b>
Gross Profit	77.82	80.15	(2.33)
Other Income	21.87	18.77	3.10
<b>Profit before expenses</b>	<b>99.69</b>	<b>98.92</b>	<b>0.77</b>
Selling expenses	16.65	15.21	1.44
Administrative expenses	60.13	56.40	3.73
Loss on Goodwill impairment	4.85	-	
Management benefit expenses	3.86	3.70	0.16
Directors' remuneration	0.92	0.63	0.29
Reversal of provision for doubtful debt	1.84	(0.63)	2.47
<b>Profit before interest and tax</b>	<b>11.44</b>	<b>23.61</b>	<b>(12.17)</b>
Financial cost	25.47	27.95	(2.48)
<b>profit (loss) before income tax</b>	<b>(14.03)</b>	<b>(4.34)</b>	<b>(9.69)</b>
Income tax (expense) revenue	0.94	2.10	(1.16)
<b>Net profit (loss) for the period</b>	<b>(14.97)</b>	<b>(6.44)</b>	<b>(8.53)</b>

In an analysis of the operation results for the second quarter of year 2018 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>						
<b>Unit Millon Baht</b>	<b>Room</b>		<b>Food &amp; Beverage</b>		<b>Total Hotel Business</b>	
	<b>Q 2 / 2018</b>	<b>Q 2 / 2017</b>	<b>Q 2 / 2018</b>	<b>Q 2 / 2017</b>	<b>Q 2 / 2018</b>	<b>Q 2 / 2017</b>
<b>Revenue</b>						
<b>Revenue from hotel business</b>	<b>108.16</b>	<b>90.97</b>	<b>60.45</b>	<b>60.03</b>	<b>168.61</b>	<b>151.00</b>
<b>Proportion of Room : F&amp;B</b>	<b>64.1%</b>	<b>60.2%</b>	<b>35.9%</b>	<b>39.8%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Cost of Sale</b>	<b>61.30</b>	<b>56.79</b>	<b>52.94</b>	<b>52.18</b>	<b>114.24</b>	<b>108.97</b>
<b>Cost Ratio(Cost of Sale / Revenue)</b>	<b>56.7%</b>	<b>62.4%</b>	<b>87.6%</b>	<b>86.9%</b>	<b>67.8%</b>	<b>72.2%</b>
<b>Gross Profit</b>	<b>46.86</b>	<b>34.18</b>	<b>7.51</b>	<b>7.85</b>	<b>54.37</b>	<b>42.03</b>
<b>GP Margin(Gross profit / Revenue)</b>	<b>43.3%</b>	<b>37.6%</b>	<b>12.4%</b>	<b>13.1%</b>	<b>32.2%</b>	<b>27.8%</b>

### 1) Income from the rooms

The company and its subsidiaries operated five 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, Asia Hotel Cha-um, at Cha-um Beach, Phetchaburi province and Rachapruke Hotel located Ampor Hangdong, Chiangmai province. The company and its subsidiaries had revenue from hotel business for Q2/2018 totaled 168.61 million baht, increased from the previous year by 17.61 million baht or 11.66% higher.

Revenue from rooms in Q2/2018 totaled 108.16 million baht, increased from Q2/2017 that revenue amount 90.97 million baht, by 17.19 million baht or 18.9% higher. The average rate of occupancy of the five hotels in Q2/2018 equaled to 66.04% while the second quarter of previous year had the average rate of occupancy equaled to 50.87%.

However, the average room rate of the five hotels in Q2/2018 equaled to 1,147 baht, is decline from the previous year while the second quarter of the previous year had the average room rate equaled to 1,217 baht. Because of the current market competition is price competition and customer behavior change from tour group travel to traveling by themselves, they can book more rooms online which the customers have the right to choose accommodation and price.

### Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in Q2/2018 amounted to 60.45 million baht, income of food and beverage in Q2/2017 amounted to 60.03 million baht. 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 lot of guests, usually that has food and beverage revenue increases as well. But nowadays, customers are changing their behavior through online booking and they booked room only. As a result, the increase in room revenue and food and beverage income is not as significant as in the past.

## 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, AA-Town Apartment, 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 / 2018	Q 2 / 2017	Q 2 / 2018	Q 2 / 2017	Q 2 / 2018	Q 2 / 2017
<b>Revenue</b>						
<b>Revenue from rental and service business</b>	<b>140.27</b>	<b>146.52</b>	<b>7.22</b>	<b>6.91</b>	<b>147.49</b>	<b>153.43</b>
<b>Cost of Sale</b>	<b>120.67</b>	<b>111.95</b>	<b>3.37</b>	<b>3.36</b>	<b>124.04</b>	<b>115.31</b>
<b>Cost Ratio(Cost of Sale / Revenue)</b>	<b>86.0%</b>	<b>76.4%</b>	<b>46.7%</b>	<b>48.6%</b>	<b>84.1%</b>	<b>75.2%</b>
<b>Gross Profit</b>	<b>19.60</b>	<b>34.57</b>	<b>3.85</b>	<b>3.55</b>	<b>23.45</b>	<b>38.12</b>
<b>GP Margin(Gross profit / Revenue)</b>	<b>14.0%</b>	<b>23.6%</b>	<b>53.3%</b>	<b>51.4%</b>	<b>15.9%</b>	<b>24.8%</b>

Rental and service income in the second quarter of 2018 was 147.49 million baht, a decrease of Baht 5.94 million baht from the same quarter of last year which was 153.43 million baht. This was due to the decrease in rental income from domestic service, as the subsidiary has closed some space for improvement.

## 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 2018 the company and its subsidiaries has the cost of sale and service for 238.28 million baht, increased from the previous year by 14 million baht, or 6.24% higher. The company has gross profit margin decline in 2018 for 24.6% of revenue from the operations, while the previous year had the gross profit of 26.3%. The cost of sale and service can be classified as following:

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

In 2<sup>nd</sup> quarter of 2018 the company and its subsidiaries had the cost of room sale of 61.30 million baht, in Q2/2017 was 56.79 million baht, increased from the previous year by 4.51 million baht. When compare with the increased room revenue then profit margin was increased, with the cost ratio for room sale in Q2 of 2018 and 2017 for 56.7% and 62.4%. The gross profit margin for Q2 of 2018 and 2017 equaled to 43.3% and 37.6% respectively.

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

In 2<sup>nd</sup> quarter of 2018 the company and its subsidiaries had the cost of food and beverage sale of 52.94 million baht, or increased by 0.76million baht, or 1.46% higher than the previous year. They had the ratio of the cost of food and beverage sale for 2018 and 2017 equaled to 87.6% and 86.9% and the gross profit margin for 2018 and 2017 equaled to 12.4% and 13.1% respectively.

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

In 2<sup>nd</sup> quarter of 2018, the company and its subsidiaries had the cost of rent and service of 124.04 million baht (Cost of Rental and service from Domestic business equaled 120.67 million baht and Oversea business equaled 3.37 million baht), or 8.73% higher from the previous year. The gross profit margin for 2018 and 2017 equaled to 15.9% and 24.8% respectively.

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

In 2<sup>nd</sup> quarter 2018, the company and its subsidiaries had the expense on sale and service and other expenses totaled 88.25 million baht, increased from the previous year by 12.94 million baht or 17.18% 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 2018 amounted to 16.65 million baht, increased from the previous year by 1.44 million baht, or 9.47% higher.
- Expense on administration cost in 2018 amounted to 60.13 million baht, increased by 3.73 million baht, or 6.61% higher.
- Loss on Goodwill impairment in 2018 amounted to 4.85 million baht.
- Compensation for the management in 2018 amounted to 3.86 million baht, increased from the previous year by 0.16 million baht, or 4.32% higher.
- Compensation for the directors in 2018 amounted to 0.92 million baht, increased from the previous year by 0.29 million baht, or 46.03% higher.
- In 2018 The Company had doubtful debts of 1.84 million baht while in the previous year had the reversal of provision for doubtful debts of 0.63 million baht, increased by 2.47 million baht.

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

In Q2/2018 the company and its subsidiaries had the earnings before interest and taxes (EBIT) 11.44 million baht, decreased from the same quarter of previous year by 12.17 million baht, or 51.55% lower.

**Financial cost**

In Q2/2018 the company and its subsidiaries had the financial cost amounted to 25.47 million baht, while in Q2/2017 amounted 27.95 million baht, which is decreased by 2.48 million baht.

**Net Profit**

In 2018 the company and its subsidiaries had a net loss (net worth of the parent company) totaled 10.14 million baht, decreased from the previous year by 0.19 million baht and the basic loss per share in 2018 equaled to 0.05 baht

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

Best regards,

(Mr. Surapong Techaruvichit)

Managing Director