



ASIA HOTEL BANGKOK

14 August 2019

**SUBJECT** : Submit the reviewed financial statements and clarify the result of second quarter ended 30 June 2019

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

**Attachment** : The reviewed financial statements for the second quarter ended 30 June 2019 of Asia Hotel Public Company Limited and its subsidiaries

Attached please find the reviewed financial statements for the second quarter period ended 30 June 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 second quarter period of the year 2019 as follows:

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

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

In the second quarter, the company and subsidiaries had total revenue of 330.14 million baht, an increase of 14.04 million baht, or 4.44%, the company and its subsidiaries had generated 185.14 million baht revenue from the hotel business (the room revenue of Q2/2018 = 168.61 million baht), consist of domestic hotel business had revenue of 166.59 million baht and oversea hotel business had revenue of 18.56 million baht, increased from the previous year by 16.54 million baht due to the company started the operating in November 2018.

In the part of Rental Area Business operated by Zeer Property PCL which is its subsidiary, had rental and service revenue of 145 million baht, consist of domestic rental revenue of 138.69 million baht and oversea rental revenue of 6.31 million baht. The revenue from the Rental Area business in this quarter decreased from the previous year by 2.49 million baht or 1.7%.

In Q2/2019 the company and subsidiaries had gross profit of 66.65 million baht (For Q2/2018 had gross profit of 77.82 million baht) and net loss (Equity holders of the parent) amounted of 37.23 million baht, increased loss of 22.61 million baht from the previous year.

**Statements of Profit or Loss and other comprehensive income for the three-month periods ended June 30, 2019**

Unit : Million Baht	Q2/2019	Q2/ 2018	Change
	Amount	Amount	Amount
<b>Revenue</b>			
Income from hotel business	185.15	168.61	16.54
Rental and service income	145.00	147.49	(2.49)
<b>Total Revenue</b>	<b>330.15</b>	<b>316.10</b>	<b>14.05</b>
Cost of hotel business	139.02	114.24	24.78
Cost of rental and service	124.48	124.04	0.44
<b>Total cost of sales and service</b>	<b>263.50</b>	<b>238.28</b>	<b>25.22</b>
<b>Gross Profit</b>	<b>66.65</b>	<b>77.82</b>	<b>(11.17)</b>
Other Income	19.38	21.87	(2.49)
<b>Profit before expenses</b>	<b>86.03</b>	<b>99.69</b>	<b>(13.66)</b>
Selling expenses	19.61	16.65	2.96
Administrative expenses	69.01	60.13	8.88
Loss on goodwill impairment	-	4.85	(4.85)
Management benefit expenses	3.83	3.86	(0.03)
Director ' remuneration	1.13	0.92	0.21
Provision for doubtful debt	0.67	1.84	(1.17)
<b>Profit before interest and tax</b>	<b>(8.22)</b>	<b>11.44</b>	<b>(19.66)</b>
Financial cost	31.15	25.47	5.68
<b>profit (loss) before income tax</b>	<b>(39.37)</b>	<b>(14.03)</b>	<b>(25.34)</b>
Income tax (expense) revenue	(1.97)	0.94	(2.91)
<b>Net profit (loss) for the period</b>	<b>(37.40)</b>	<b>(14.97)</b>	<b>(22.43)</b>

In an analysis of the operation results for the second 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:

Details on Revenue from Hotel Business						
Unit Million Baht	Room		Food & Beverage		Total Hotel Business	
	Q2 / 2019	Q2 / 2018	Q2 / 2019	Q2 / 2018	Q2 / 2019	Q2 / 2018
<b>Revenue</b>						
<b>Revenue from hotel business</b>	<b>123.81</b>	<b>108.16</b>	<b>61.34</b>	<b>60.45</b>	<b>185.15</b>	<b>168.61</b>
<b>Proportion of Room : F&amp;B</b>	<b>66.9%</b>	<b>64.1%</b>	<b>33.1%</b>	<b>35.9%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Cost of Sale</b>	<b>80.66</b>	<b>61.30</b>	<b>58.36</b>	<b>52.94</b>	<b>139.02</b>	<b>114.24</b>
<b>Cost Ratio(Cost of Sale / Revenue)</b>	<b>65.1%</b>	<b>56.7%</b>	<b>95.1%</b>	<b>87.6%</b>	<b>75.1%</b>	<b>67.8%</b>
<b>Gross Profit</b>	<b>43.15</b>	<b>46.86</b>	<b>2.98</b>	<b>7.51</b>	<b>46.13</b>	<b>54.37</b>
<b>GP Margin(Gross profit / Revenue)</b>	<b>34.9%</b>	<b>43.3%</b>	<b>4.9%</b>	<b>12.4%</b>	<b>24.9%</b>	<b>32.2%</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 second quarter of year 2019 totaled 185.15 million baht, increased from the same quarter of previous year by 16.54 million baht or 9.81% higher.

Revenue from rooms in Q2/2019 totaled 123.81 million baht ( Domestic room revenue was 105.25 million baht and oversea room revenue was 18.56 million baht, increased from Q2/2018 that revenue amount 108.16 million baht, by 15.65 million baht or 14.5% higher. The average rate of occupancy of the seven hotels in Q2/2019 equaled to 60.51% while the second quarter of previous year had the average rate of occupancy equaled to 64.17%.

However, the average room rate of the seven hotels in Q2/2019 equaled to 1,340 baht, is higher from the previous year while the first quarter of previous year had the average room rate equaled to 1,203 baht.

### Income from food and beverages

The company and its subsidiaries had the income of food and beverages from restaurants and banquets in Q2/2019 amounted to 61.34 million baht, in Q2/2018 amounted to 60.45 million baht, this year was increased from the previous year by 0.89 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 increased, 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 a 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	
	Q2 / 2019	Q2 / 2018	Q2 / 2019	Q2 / 2018	Q2 / 2019	Q2 / 2018
<b>Revenue</b>						
Revenue from rental and service business	138.69	140.27	6.31	7.22	145.00	147.49
<b>Cost of Sale</b>	122.92	120.67	1.56	3.37	124.48	124.04
<b>Cost Ratio (Cost of Sale / Revenue)</b>	88.6%	86.0%	24.7%	46.7%	85.8%	84.1%
<b>Gross Profit</b>	15.77	19.60	4.75	3.85	20.52	23.45
<b>GP Margin (Gross profit / Revenue)</b>	11.4%	14.0%	75.3%	53.3%	14.2%	15.9%

Rental and service income in the second quarter of 2019 was 145.0 million baht (Domestic Rental Revenue 138.69 million baht and Overseas Rental Revenue 6.31 million baht), a decrease of Baht 2.49 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 is an improvement in front of the building and the market around outside of the building that has been completed in late 2018.

## 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. The Other revenue decreased by 2.49 million baht because in the year 2018 the company had compensation from insurance.

## 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 2019 the company and its subsidiaries have the cost of sale and service for 263.50 million baht, increased from the previous year by 25.22 million baht, or 10.58% higher due to the effect of the provision of staff liabilities that increase from 300 days to 400 days. The company has a gross profit margin decline in 2019 equal 20.2% of revenue from the operations, while the previous year had a gross profit of 24.6%. The cost of sale and service can be classified as follows:

**a) Cost of room sale**

In 2<sup>nd</sup> quarter of 2019 the company and its subsidiaries had the cost of room sale of 80.66 million baht, increased from the previous year by 19.36 million baht, or 31.60% higher, with the cost ratio for room sale in Q2 of 2019 and 2018 for 65.1% and 56.7%. The gross profit margin for Q2 of 2019 and 2018 equaled to 34.9% and 43.3% respectively.

**Cost of food sale and beverages**

In 2<sup>nd</sup> quarter of 2019 the company and its subsidiaries had the cost of food and beverage sale of 58.36 million baht, or increased by 5.42 million baht, or 10.2% was increased from the previous year. They had the ratio of the cost of food and beverage sale for 2019 and 2018 equaled to 95.1% and 87.6% and the gross profit margin for 2019 and 2018 equaled to 4.9% and 12.4% respectively.

**b) Cost of rental and service**

In 2<sup>nd</sup> quarter of 2019, the company and its subsidiaries had the cost of rent and service of 124.48 million baht (Cost of Rental and service from Domestic business equaled 122.92 million baht and Oversea business equaled 1.56 million baht), or 0.4% higher from the previous year. The gross profit margin for 2019 and 2018 equaled to 14.2% and 15.9% respectively.

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

In 2<sup>nd</sup> quarter 2019, the company and its subsidiaries had the expense on sale and service and other expenses totaled 94.25 million baht, increased from the previous year by 6.00 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 19.61 million baht, increased from the previous year by 2.96 million baht, or 17.78% higher.
- Expense on administration cost in 2019 amounted to 69.01 million baht, increased by 8.88 million baht, or 14.77% higher.
- Loss from impairment of goodwill decreased by Baht 4.85 million due to the previous year the Company purchased Ratchaphruek Lanna Boutique.
- Compensation for the management in 2019 amounted to 3.83 million baht, decreased from the previous year by 0.03 million baht, or 0.78% lower.

- Compensation for the directors in 2019 amounted to 1.13 million baht, increased from the previous year by 0.21 million baht, or 22.83% higher.
- In 2019 The Company had the provision for doubtful debts of 0.67 million baht while in the previous year had the provision for doubtful debts of 1.84 million baht, decreased by 1.17 million baht due to the company received payment of outstanding receivables overdue.

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

In Q2/2019 the company and its subsidiaries had the loss before interest and taxes (EBIT) 8.22 million baht, the same quarter of the previous year had profit was 11.44 million baht.

### **Financial cost**

In Q2/2019 the company and its subsidiaries had the financial cost amounted to 31.15 million baht, while in Q2/2018 amounted 25.47 million baht, which was increased by 5.68 million baht.

### **Net Profit**

In 2019 the company and its subsidiaries had a net loss (net worth of the parent company) totaled 37.23 million baht, increased loss from the previous year by 22.61 million baht and the basic loss per share in 2019 equaled to 0.11 baht while in Q2/2018 had the loss per share 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