

28 February 2019

Subject : Clarification of change from operation of more than 20% for the year ended December, 31 2018

To : Director and Manager,
The Stock Exchange of Thailand

For the year ended December 31, 2018, Eastern Star Real Estate Public Company Limited and its subsidiaries reported net profit of Baht 112.92 million while the same period of 2017 net profit was Baht 404.74 million, changes by Baht 291.82 million or 72%.

The company would clarify the main reasons of change more than 20% as follows:

1. Revenue from sales of real estate for the year 2018 decreased by Baht 895.62 million, and the Cost of real estate sold decreased by Baht 668.20 million, compared with the year 2017. The company transferring Amber condominium project to customers started in August 2018 for 50% of total project. While in the year 2017 we started transferring Nara 9 condominium to customers in March for 78% of total project. Cost of real estate sold decreased by Baht 668.20 million mainly resulted the average cost lower than Nara 9 project, the same as the selling price. So these are reasons brought decreasing in revenue and cost in the year 2018.
2. Other income for the year 2018 decreased by Baht 12.95 million, mainly decreasing resulted from other service income.
3. Cost of rent for the year 2018 increased by Baht 7.59 million, mainly increasing resulted from depreciation cost of renovation improvements and building for rent in the year 2018.
4. Reversal of loss on diminution in value of assets for the year 2018 increased by Baht 1.50 million, resulted from reversal of impairment of land, land valuation based on market price of land.
5. Finance costs for the year 2018 increased by Baht 2.15 million, resulted from the construction projects completed in the year 2018, in which most of the interest expenses were paid and recorded as finance expense. In the year 2017 the company had paid the rest of the whole amount of some projects loan, so interest expenses were less than in the year 2018.
6. Income tax revenue (expenses) for the year 2018 increased by Baht 68.83 million, resulted from in the year 2018 the Company has taxable profit resulted from income tax expenses. While in the year 2017 had tax loss resulted from income tax revenue from the loss on capital return of investment.

Please be informed.

Sincerely yours,

(Mr. Torsak Lertsrisakulrat)

Managing Director