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14th February 2019

RE: Financial Statements Analysis Report 2018

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co., Ltd. would like to submit the financial statements in 2018 of the Company and subsidiary companies as well as the performance report as follows:

L.P.N. Development Public Co., Ltd. and subsidiary companies operate real estate development and service business. The Company has developed premium housing projects in central business area to open up new business opportunities. Moreover, the opportunity in rental real estate market is explored in order to diversify business risk and boost recurring income. Apart from developing residential condominiums, the Company also provides real estate services and property management service to other companies so as to generate recurring income for the organization. All aspects of the business operation are revised, enabling the Company to grow in a sustainable manner and in accordance with sufficiency economy philosophy.

Completed projects, newly launched projects and backlog in 2018

1) Completed projects in 2018

The Company and subsidiary companies completed the total of 11 projects in 2018, comprising 8 residential condominium projects i.e. Lumpini Park Beach Cha-am, Lumpini Park Petchakasem 98 (Building C-D), Lumpini Ville Rasburana-Riverview 2, Lumpini Ville Pranangkla-Riverview, Lumpini Seaview Cha-am (Building A), The Selected Kaset-Ngarmwongworn by L.P.N., Lumpini Suite Petchaburi-Makkasan and Lumpini Suite Dindaeng-Ratchaprarop, 1 premium housing project i.e. Baan 365 Rama 3 and 2 housing projects of subsidiary companies i.e. Baan Lumpini Townpark Takham-Rama 2 and Baan Lumpini Townville Ratchapruek-Pinklao. In addition, there is 1 property project for investment completed i.e. Lumpini Township Rangsit-Klong 1 (Phase 3) Building F which is a pilot project in 2018 to invade the rental property market. Around 71% of all units available for rent has already been rented out.

2) Newly launched projects in 2018

The Company and subsidiary companies launched the total of eight projects in 2018, comprising 6 residential condominiums i.e. Lumpini Ville Sukhumvit 76-Bearing Station (2), Lumpini Selected Sutthisarn-Saphankwai, Lumpini Park Vibhavadi-Jatujak, Lumpini Park Boromratchachonnane-Sirindhorn, Lumpini Ville Pattanakarn-Srinakarin and Lumpini Ville Suksawasdi-Rama 2, 1 premium housing project i.e. Baan 365 Rama 3 and 1 housing project of a subsidiary company i.e. Baan Lumpini Townpark Takham-Rama 2. The combined value of all newly launched projects

in 2018 is approximately 12,600 million THB. The sales volume of residential condominium and housing projects is 16,500 million THB i.e. 52% or 8,500 million THB from 8 new projects and 48% or 8,000 million THB from the sales volume of the previous years.

3) Backlog as of 31 December 2018

As of 31 December 2018, the backlog of the Company and subsidiary companies is 9,500 million THB from residential condominium and housing projects, comprising the backlog of 8,000 million THB in 2019 and 1,500 million THB in 2020.

Performance in 2018 and 2017

Consolidated financial statements

The net profit and gross profit margin from sales of the Company and subsidiary companies increase 28.71% and 2.25% respectively. It derives from the main income of 11,252.25 million THB in 2018 which increases 17.05% or 1,639.40 million THB from 2017. It is the income recognized from 11 projects completed in 2018, 54% of which is recognized from sales of the projects and 46% from the liquidation of ready-to-move-in projects completed in the previous year and sold with higher gross profit margin. Moreover, as a result of the expansion of rental and service business, the income from rental fee and service and management fee increases 21.89% and 18.88% respectively.

Statement of financial position as of 31 December 2018 and 2017

Total assets

The total assets of the Company increases 1.16% or 243.48 million THB i.e. from 21,006.73 million THB to 21,250.21 million THB. The main reasons are as follows:

- 1) Cash and cash equivalent increase 8.77% from 31 December 2017 as a result of the performance of the Company.
- 2) Inventory increases 39.84% or 2,189 million THB i.e. from 5,495.63 million THB to 7,684.91 million THB. As a result, the value of the projects under development decreases 19.41% i.e. from 11,496.21 million THB to 9,243.16 million THB. The inventory comprises ready-to-move-in projects from the previous years (61%) and 11 aforementioned projects completed in 2018 (39%).
- 3) Other non-current assets increase 13.73% from 31 December 2017 as a result of an investment in an associate company and real estate for investment i.e. Lumpini Township Rangsit-Klong 1 Phase 3 (Building F 1-3) which is a strategy to invade the rental property market.

Total liabilities

Total liabilities decrease 3.23% or 277.35 million THB i.e. from 8,592.92 million THB to 8,315.57 million THB. Since the short term loan that is due is paid back to financial institutions, the loan amount decreases 27.37% or 1,223.19 million THB i.e. from 4,469.27 million THB to 3,246.27 million THB. At the same time, long term loan for project development and business operation increases 350.87 million THB i.e. from 1.653.52 million THB to 2,004.39 million THB. Overall, loan from financial institutions decreases 872.32 million THB or 14.25%.

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As a result of the above reasons, the interest bearing debt to equity ratio and the debt to equity ratio have decreased from 0.49 : 1 to 0.41 : 1 and from 0.69 : 1 to 0.64 : 1 as of 31st December 2017 and 31st December 2018 respectively.

Cash flow statement as of 31st December 2018 and 2017

The cash flow statement as of 31st December 2018 increases 31.26 million THB or 8.77% from the same period of the previous year because of the increased number of condominium units handover and ownership transfer.

Important numbers in the financial statements 2018 and 2017

Table 1: Profit/Loss Statement 2018 and 2017

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	2018	2017	%Variance	2018	2017	%Variance
1. Main income (Million THB)	11,252.25	9,612.85	17.05%	9,110.95	7,796.72	16.86%
2. Gross profit from sale (%)	30.70	28.45	2.25%	29.32	27.08	2.23%
3. Gross profit from rental and service business (%)	30.96	30.26	0.70%	18.82	17.02	1.79%
4. Gross profit from management business (%)	33.30	33.62	(0.31%)	-	-	-
5. Gross profit from main income (Million THB)	3,478.86	2,777.40	25.26%	2,656.71	2,100.43	26.48%
(%)	30.92	28.89	2.03%	29.16	26.94	2.22%
6. Expenses on sales (Million THB)	780.72	571.12	36.70%	698.88	497.16	40.57%
(%)	6.94	5.94	1.00%	7.67	6.38	1.29%
7. Expenses on sales (Million THB)	354.23	206.48	71.56%	317.84	171.61	85.21%
(excluding ownership transfer) (%)	3.15	2.15	1.00%	3.49	2.20	1.29%
8. Expenses on management (Million THB)	985.92	870.45	13.27%	507.97	472.19	7.58%
(%)	8.76	9.06	(0.30%)	5.58	6.06	(0.48%)
9. Profit before interest and income tax (Million THB)	1,745.37	1,361.85	28.16%	1,494.98	1,202.77	24.29%
(%)	15.51	14.17	1.34%	16.41	15.43	0.98%
10. Profit before tax (Million THB)	1,742.63	1,359.11	28.22%	1,493.72	1,201.85	24.29%
(%)	15.49	14.14	1.35%	16.39	15.41	0.98%
11. Net profit (Million THB)	1,367.27	1,062.32	28.71%	1,171.09	938.79	24.74%
(%)	12.15	11.05	1.10%	12.85	12.04	0.81%
12. Net profit per share (THB)	0.93	0.72	28.75%	0.79	0.64	24.84%
13. Book value per share (THB)	8.77	8.41	4.28%	8.29	8.19	1.22%

After Audited

Table 2: Statement of Financial Position as of 31 December 2018 and 2017

Unit : million THB

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	as of 31 Dec 18	as of 31 Dec 17	%Variance	as of 31 Dec 18	as of 31 Dec 17	%Variance
14. Cash and cash equivalent	387.72	356.46	8.77%	282.09	210.42	34.06%
15. Trade debtors and other debtors	401.67	443.61	(9.45%)	306.32	367.59	(16.67%)
16. Land and project costs during construction	9,243.16	11,469.21	(19.41%)	7,686.94	10,206.52	(24.69%)
17. Backlog	7,684.91	5,495.63	39.84%	7,269.15	5,035.09	44.37%
18. Other current assets <u>Note 1</u>	68.10	195.53	(65.17%)	698.00	540.00	29.26%
19. Non-current assets <u>Note 2</u>	3,464.65	3,046.30	13.73%	3,697.17	3,279.26	12.74%
20. Total assets	21,250.21	21,006.73	1.16%	19,939.66	19,638.88	1.53%
21. Overdraft and short-term loan	3,246.08	4,469.27	(27.37%)	3,058.99	3,997.80	(23.48%)
22. Trade account payable and other creditors	2,289.54	1,780.38	28.60%	2,078.35	1,606.23	29.39%
23. Long-term loan	2,004.39	1,653.52	21.22%	1,993.98	1,618.02	23.24%
24. Overdue corporate income tax	152.71	90.25	69.21%	137.91	79.65	73.15%
25. Non-current liabilities <u>Note 3</u>	622.86	599.51	3.89%	433.01	418.56	3.45%
26. Total liabilities	8,315.57	8,592.92	(3.23%)	7,702.24	7,720.26	(0.23%)
27. Shareholders' equity	12,934.64	12,413.81	4.20%	12,237.42	11,918.62	2.67%

After Audited

Note 1

Comprising temporary investment and short-term loan to connected business.

Note 2

Comprising investment in subsidiary companies and associated companies, real estate for investment, land, building and equipment, goodwill, non-tangible assets, lease hold, deferred tax assets, withholding tax and other non-current assets.

Note 3

Comprising income from rental fee received in advance, estimation of staff benefits, deposit of rental and service fee and other non-current liabilities.

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director