



Ref : CHEWA 2560/002

11 May 2017

Subject Management Discussion and Analysis for the Quarter 1/2017.

To Managing Director
The Stock Exchange of Thailand

Chewathai Public Company Limited would like to clarify the company and its subsidiaries' operating performance for the Quarter 1/2017 as follows

(Unit : million baht)

Statement of comprehensive income	Q1/2017	Q1/2016	Increase (Decrease)	%
Revenues				
Revenue from sales of real estate	101.46	532.21	(430.75)	(81)
Rental and service income from factory	4.73	3.78	0.95	25
Other income	1.95	5.35	(3.40)	(64)
Total Revenues	108.14	541.34	(433.20)	(80)
Expenses				
Cost of real estate sold	73.38	390.73	(317.35)	(81)
Cost of Rental and service from factory	2.66	2.69	(0.03)	(1)
Selling expenses	30.26	37.40	(7.15)	(19)
Administrative expenses	25.99	24.32	1.67	7
Total Expenses	132.28	455.14	(322.86)	(71)
Profit before share of profit (loss) from investment in joint venture, finance costs and income tax	(24.14)	86.20	(110.33)	(128)
Share of profit (loss) from investment in joint venture	(0.46)	(0.22)	(0.25)	114
Profit before finance costs and income tax	(24.60)	85.98	(110.58)	(129)
Finance costs	7.71	16.46	(8.75)	(53)
Profit (loss) before income tax	(32.31)	69.52	(101.83)	(146)
Income tax expenses	(0.69)	11.69	(12.38)	(106)
Profit (loss) for the period	(31.62)	57.83	(89.44)	(155)
Gross profit %	28.39%	26.60%		
Gross Profit Margin from sales of real estate (%)	27.67%	26.58%		
Net profit %	-29.24%	10.68%		

Performance in Q1/2017 and Q1/2016

For the Quarter 1/2017 the company and its subsidiaries generated net loss of Baht 31.62 million, a decrease of Baht 89.45 million or 155% compared to the same period of previous year. Of which, the reasons described as follows:



Total Revenue

For the Quarter 1/2017 the company and its subsidiaries generated total revenue of Baht 108.14 million a decrease of Baht 433.20 million from the same period of previous year or 80% as details shown below:

The revenue from sale of real estate is Baht 101.46 million compared to the previous year revenue with a decrease of Baht 430.75 million or 81 %. In which, cause of decreasing in Q1/2017 was that the company had no new project that are ready to be transferred so the company could not recognize the revenue in this quarter. However, the company was still able to recognize the revenue from inventories. Noticeably, the revenue could be generated by another economy effect from 2016 as one of the reasons, and there was no any launch of cabinet approval for economic stimulus package concern with real estate business. The comparison of the same period in the previous year is that the revenues was higher than this year because of a cabinet approval for economic stimulus package and also the company started to transfer the two new projects, due to high revenues variance of quarter 1/2017 and 1/2016.

In the past, the company emphasized on high rise project developing which may cause to the uncertain recognition. However, the company begins to develop housing project and will continue to develop to increase more potential in certain recognition of revenue as this will result in continued net profit growth correspondingly. The project is Chewarom Rangsit-Donmueang, the total revenue of this project is 488 million and has already been sold for about 20%

The Company and its subsidiaries generated Baht 4.73 million from rental and service of Ready Built Factories with an increase of Baht 0.95 million or 25% due to the number of tenants increasing.

Cost of Goods Sold and Gross Profit

For the Quarter 1/2017, the company and its subsidiaries generated total Cost of goods sold Baht 73.38 million, which decreased of Baht 317.35 million or 81% from the same period of previous year, which was in line with the decline of revenue from real estate.

Gross profit margin from real estate as at 31 March 2017 was 27.67% which has increased 1.09% due to higher properties sales from the previous year. The company still maintains gross profit ratio although recently there has been very high level of competition in the market.

Selling & Administrative Expenses

For the Quarter 1/2017, the company and its subsidiaries Selling and Administrative Expenses are Baht 56.25 million, a decrease of Baht 5.47 million or 8.87 % from the same period of previous year. The main reason as below:

- Selling expense reduced with a decrease of Baht 7.15 million. The main factor is the reduction of special business tax and transfer fees of Baht 13 million which was the result from the decrease of Real estate sales revenue.



- Administrative expense has risen with an increase of Baht 1.67million, due to the increase of salary and welfare expenses according to the amount of employees hiring more for the expansion of real estate development..

Financial Position as at 31 March 2017 and 31 December 2016

(Unit : million baht)

	31 Mar 2017	31 Dec 2016	Increase (Decrease)	%
Total asset	3,658	3,171	487	15
Total Liability	2,713	2,195	518	24
Equity	945	976	(31)	(3)

The total assets of the company and its subsidiaries was Baht 3,658 million compared to the end of previous year which is an increase of Baht 487 million. The main factor of increment is the cost of land and real estate development which increased from end of previous year of Baht 538 Million. Currently we are under developing 5 project.

The total liabilities of the company and its subsidiaries was Baht 2,713 million, compared to the end of previous year with an increase of Baht 518, due to the company has withdrawn loans from financial institutions of Baht 300 million as well as from related parties with amount Baht 200 million to spend as working capital for current project.

The total shareholders' equity of the company and its subsidiaries was Baht of 945 million compared to the end of previous year a decrease of Baht 31 million which is in line with the decrease of performance.

Debt to Equity ratio of the company as at 31 March 2017 equal to 2.8:1 times and interest bearing debt to equity ratio equal to 2.4:1 times.

Future Project

In 2017, the company is developing another three projects, the project will be completed and can be recognized in revenue in 2017, which are Chewarom Rangsit-Donmueang, Chewathai Resident BangPho and Chewathai Resident Asoke. The total value of which is more than 3,200 million. The company has planned for grand openings for those three projects in 2017, However, as of 31 December 2016, they have been sold for more than 50%.

Please be informed accordingly

Sincerely Yours,

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(Mr. Boon Choon Kiat)

Managing director