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14th February, 2018

Re: Report of Financial Statement for Year 2017

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co., Ltd. would like to submit the financial statement of the Company and subsidiary companies for the year 2017 and present the details of the performance of the Company as follows:

2017 was the “Year of Shift” of L.P.N. Development Public Co., Ltd. Our business strategy is to develop urban residential condominium with an affordable price targeting middle to lower-middle income earners. The approach of the business operation of the Company is based on the sufficiency economy philosophy as well as good corporate governance. The above strategy and business principles have continuously promoted growth and stability of the Company. However, the target customers of the Company have encountered the problem of household debts during the past few years. The loan approval criteria of financial institutions has become very strict and loan rejection rate has been rising. In addition, the projects developed by the Company are large-scale, resulting in an increase inventory. The Company, therefore, established a short-term goal and strategy to liquidate the inventory. In 2017, the Company earned around 7,000 million THB, equivalent of 50% of the value of all inventories, from the sale of the inventory.

Moreover, in the “Year of Shift”, the target customers of the Company were changed from middle to lower-middle income earners to upper-middle to high income earners. New projects targeting the new group of customers have been launched throughout 2017. As a result, the Company achieved the sale volume of around 16,000 million THB in 2017 or 50% higher than that in 2016. A subsidiary company of the Company also started providing community management services to other real estate developers in order to generate extra income and expand the income base of the Company.

The gross income of the Company and subsidiary companies in 2017 was 9,612.85 million THB, decreasing 4,988.67 million THB or 34.17% from that in 2016. More than 90% of the main income was achieved from sale which decreased from 13,855.41 million THB in 2016 to 8,719.77 million THB in 2017 or 37.07% but it still met the target. In 2017, four projects of the Company and four projects of the subsidiary company were completed and handed over. Around 72% was the income recognition of the projects completed at the end of 2016. The Company launched 11 projects in 2017 with the combined value of 14,000 million THB.

As of 31st December 2017, the backlog of the Company was around 7,400 million THB i.e. 5,900 million THB of 2018, 1,500 million THB of 2019 and 350 million THB of the subsidiary company.

After Audited

Performance in 2017 and 2016

Consolidated Financial Statements

The net profit of the Company and subsidiary companies decreased 1,113.91 million THB or 51.19% i.e. from 2,176.23 million THB to 1,062.32 million THB. It was because the income from sale has decreased from 13,855.41 million THB to 8,719.77 million THB or 37.07%. The majority of the income derived from ready-to-move-in projects, accounting for 72% of the income recognized this year. The gross profit was thus less than 30% but the Company was able to control the expenses from sale (excluding ownership transfer expenses) as well as management expenses to be 37.54% and 13.67% less than those of the previous year respectively.

Statement of Financial Position as of 31st December 2017 and 2016

Total Assets

The total assets of the Company increased 2,448.81 million THB or 13.20% i.e. from 18,557.92 million THB to 21,006.73 million THB. It was mainly because the projects under development increased 4,823.88 million THB or 72.59% i.e. from 6,645.33 million THB to 11,469.21 million THB. Plots of land were purchased in 2017 in order to develop five projects, namely, The Selected Kaset-Ngamwongwan by L.P.N., Lumpini Park Phahon 32, Lumpini Place Rama 3-Riverine, Lumpini Place Ratchada-Sathu and Lumpini Vibhavadi 3. The ownership of two plots of land near Suksawasdi and Sutthisarn was to be transferred.

Total Liabilities

The total liabilities increased 2,445.64 million THB or 39.78% i.e. from 6,147.28 million THB to 8,592.92 million THB. The main reasons were as follows:

1. Loan from financial institutions has been requested for project development in 2017 so the loan amount increases 1,814.03 million THB or 42.10% i.e. from 4,308.76 million THB to 6,122.79 million THB.
2. The amount of down payment of projects which the income would be recognized in the next year increased 625.70 million THB or 270.35%.

As a result of the above reasons, the interest bearing debt to equity ratio and the debt to equity ratio have increased from 0.35 : 1 to 0.49 : 1 and from 0.50 : 1 to 0.69 : 1 as of 31st December 2016 and 2017 respectively.

Cash flow statement

The cash flow statement as of 31st December 2017 and 2016 decreases 234.75 million THB or 39.71% from the previous year i.e. from 591.21 million THB to 356.46 million THB as a result of the decrease in condominium handover and ownership transfer volume.

Important numbers in the financial statements in 2017 and 2016

Table 1: Profit/Loss Statement in 2017 and 2016

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	2017	2016	%variance	2017	2016	%variance
1. Main income (million THB)	9,612.85	14,601.52	(34.17%)	7,796.72	13,086.29	(40.42%)
2. Gross profit from main income (million THB)	2,777.40	4,560.49	(39.10%)	2,100.43	3,977.70	(47.19%)
3. Expenses on sales (million THB)	571.12	842.17	(32.18%)	497.16	894.74	(44.44%)
4. Expenses on Sale (million THB) (excluding expenses on ownership transfer)	206.48	330.58	(37.54%)	171.61	413.73	(58.52%)
5. Expenses on Management (million THB)	870.45	1,008.30	(13.67%)	472.19	574.90	(17.87%)
6. Profit before interest and income tax (million THB)	1,361.85	2,742.60	(50.34%)	1,202.77	2,551.08	(52.85%)
7. Profit before tax (million THB)	1,359.11	2,736.87	(50.34%)	1,201.85	2,549.14	(52.85%)
8. Net profit (million THB)	1,062.32	2,176.23	(51.19%)	938.79	2,024.19	(53.62%)
9. Net profit per share (THB)	0.72	1.48	(51.19%)	0.64	1.37	(53.64%)
10. Book value per share (THB)	8.41	8.41	-%	8.08	8.19	(1.34%)

Table 2: Profit/Loss Statement in 2017 and 2016

Percentage	Consolidated Financial Statement			Separate Financial Statement		
	2017	2016	%variance	2017	2016	%variance
11. Gross profit from sales (%)	28.45%	31.29%	(2.84%)	27.08%	30.43%	(3.34%)
12. Gross profit from rental and service business (%)	30.26%	31.34%	(1.08%)	17.02%	25.18%	(8.15%)
13. Gross profit from management business (%)	33.62%	29.95%	3.67%	-	-	-
14. Gross profit from main income (%)	28.89%	31.23%	(2.34%)	26.94%	30.40%	(3.46%)
15. Expenses on sales (%)	5.94%	5.77%	0.17%	6.38%	6.84%	(0.46%)
16. Expenses on Sale (%) (excluding expenses on ownership transfer)	2.15%	2.26%	(0.11%)	2.20%	3.16%	(0.96%)
17. Expenses on Management (%)	9.06%	6.91%	2.15%	6.06%	4.39%	1.67%
18. Profit before interest and income tax (%)	14.17%	18.78%	(4.61%)	15.43%	19.49%	(4.06%)
19. Profit before tax (%)	14.14%	18.74%	(4.60%)	15.41%	19.48%	(4.07%)
20. Net profit (%)	11.05%	14.90%	(3.85%)	12.04%	15.47%	(3.43%)

After Audited

Table 3: Statement of Financial Position as of 31 December 2017 and 2016

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	as of 31 Dec 17	as of 31 Dec 16	%variance	as of 31 Dec 17	as of 31 Dec 16	%variance
21. Cash and cash equivalent	356.46	591.21	(39.71%)	210.42	438.86	(52.05%)
22. Trade debtors and other debtors	443.61	225.58	96.65%	367.59	168.26	118.47%
23. Land and project costs during construction	11,469.21	6,645.33	72.59%	10,206.52	5,268.76	93.72%
24. Backlog	5,495.63	8,510.52	(35.43%)	5,035.09	7,948.17	(36.65%)
25. Other current assets	195.54	30.26	546.20%	540.00	482.00	12.03%
26. Non-current assets	3,046.28	2,555.01	19.23%	3,279.26	2,827.37	15.98%
27. Total assets	21,006.73	18,557.92	13.20%	19,638.88	17,133.42	14.62%
28. Overdraft and short-term loan	4,469.27	3,183.25	40.40%	3,997.80	2,503.78	59.67%
29. Trade account payable and notes payable	2,065.88	1,453.95	42.09%	1,891.74	1,325.09	42.76%
30. Long-term loan	1,653.52	1,125.51	46.91%	1,618.02	1,012.39	59.8%
31. Overdue corporate income tax	90.25	98.37	(8.25%)	79.65	89.29	(10.80%)
32. Non-current liabilities	314.00	286.20	9.71%	133.05	120.68	10.25%
33. Total liabilities	8,592.92	6,147.28	39.78%	7,720.26	5,051.22	52.84%
34. Shareholders' equity	12,413.81	12,410.63	0.03%	11,918.62	12,082.20	(1.35%)

After Audited

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director