

Ref. LPN/SorKor/109/2561

10th May, 2018

Re: Report on Financial Analysis in Q1/2018

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 in Q1/2018 and present the details of the performance of the Company as follows:

The business operation of L.P.N. Development Public Co., Ltd. and subsidiary companies is categorized into two groups to diversify and expand the operation as follows:

1. Real Estate Development: develop residential condominiums, non-condominium projects and single houses. The marketing strategy is to create a differentiated products and services that are unique only to the Company. The sales volume target and income from sales target in 2018 are expected to grow 12% and 38% from 2017 respectively.
2. Real Estate Services: after-sale services are provided in all condominium projects to ensure that customers are taken care of. Four subsidiary companies are established to provide the following services in relation to real estate development:
 - 1) Community management
 - 2) Management of residential property for rent
 - 3) Parking space management
 - 4) Construction and condominium project management
 - 5) Cleaning and reception service
 - 6) Research, product development and consultation services on Green and Sustainable Development as well as BIM.

The above real estate services are provided to the Company, associated companies as well as other domestic and international companies outside LPN Group. It is expected that the income from service business in 2018 will achieve the growth rate of 20% from 2017.

The gross income of the Company and subsidiary companies in Q1/2018 is 2,499.53 million THB, increasing 26.87 million THB or 1.09% from Q1/2017. Even though the income from sales has decreased 0.64%, the income from rental and service business and income from management fee of subsidiary companies have increased. In order to liquidate the inventory, the sales promotion expenses (excluding ownership transfer expenses) increase 26.76%. As a result, the net profit has decreased 5.34% from that of the same quarter of the previous year. In Q1/2018, three projects are completed, namely, Lumpini Park Beach Cha-am 2, Lumpini Park Phetkasem 98 (C,D) and Lumpini Ville Ratburana-Riverview 2 with the combined value of 3,180 million THB. Moreover, Lumpini Ville Sukhumvit 76-Bearing Station (2) is launched in Q1/2018, valuing 600 million THB.

During the remaining nine months of 2018, additional 11 projects of the Company and subsidiary companies valuing 10,520 million THB will be completed and handed over. There is also a plan to launch 12 more projects with the combined value of 17,400 million THB. As of 31 March 2018, the backlog of the Company is 6,900 million THB i.e. 5,100 million THB in 2018, 1,800 million THB in 2019 and 330 million THB of the subsidiary company.

After Revision

Performance in Q1/2018 and 2017

Consolidated financial statements

The net profit and net profit margin of the Company and subsidiary companies decrease 5.34% and 0.81% respectively. The income recognition of three projects completed in Q1/2018 accounts for 32% of the income from sales and other 68% is from the liquidation of inventory. The gross profit has thus decreased 0.93% from the same quarter of the previous year.

Statement of financial position as of 31 March 2018 and 31 December 2017

Total assets

Total assets of the Company increase 838.98 million THB or 3.99% i.e. from 21,006.73 to 21,845.71 million THB. It is because the projects under development and inventory increase 512.65 million THB or 3.02% i.e. from 16,964.84 to 17,477.49 million THB. Three projects have been developed from the previous year and are completed and ready to be handed over. Pieces of land are purchased for the development of three projects, namely, Lumpini Selected Sutthisan-Saphankhwai, Lumpini Ville Sukhumvit 76-Bearing Station (2) and Lumpini Park Borom ratchachonni-Sirindhorn.

Total liabilities

Total liabilities increase 1,057.14 million THB or 12.30% i.e. from 8,592.92 to 9,650.06 million THB. It is mainly because the account payable and other creditors increase 1,037.24 million THB or 58.26% i.e. from 1,780.38 to 2,817.62 million THB. Since projects development is ongoing, the creditors for construction costs increase 533.09 million THB or 84.06%. There is also an outstanding balance of dividend payment of 516.47 million THB which will be paid to the shareholders in April 2018.

As a result of the above reasons, the interest bearing debt to equity ratio and the debt to equity ratio have increased from 0.49 : 1 to 0.50 : 1 and from 0.69 : 1 to 0.79 : 1 as of 31 December 2017 and 30 March 2018 respectively.

Cash flow statement

The cash flow statement as of 31 March 2018 and 31 March 2017 decreases 156.13 million THB or 15.77% i.e. from 989.94 to 833.81 million THB as a result of the accumulated decrease in condominium handover and ownership transfer volume as well as inventory. The cash flow statement has thus decreased from the same period of the previous quarter.

Important numbers in the financial statement Q1/2018 and 2017

Table 1: Profit/Loss Statement in Q1/2018 and 2017

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	Q1/2018	Q1/2017	%Variance	Q1/2018	Q1/2017	%Variance
1. Main income (million THB)	2,499.53	2,472.66	1.09%	2,050.37	2,079.35	(1.39%)
2. Gross profit from sale (%)	29.28	30.20	(0.93%)	27.36	28.73	(1.37%)
3. Gross profit from rental and service business (%)	30.16	35.75	(5.58%)	17.08	20.13	(3.05%)
4. Gross profit from management business (%)	33.73	35.45	(1.73%)	-	-	-
5. Gross profit from main income (million THB)	741.80	757.74	(2.10%)	557.99	595.17	(6.25%)
(%)	29.68	30.64	(0.96%)	27.21	28.62	(1.41%)
6. Expenses on sales (million THB)	133.72	122.19	9.44%	118.29	106.41	11.16%
(%)	5.35	4.94	0.41%	5.77	5.12	0.65%
7. Expenses on sales (million THB)	35.76	28.21	26.76%	28.99	20.49	41.48%
(excluding ownership transfer)						
(%)	1.43	1.14	0.29%	1.41	0.99	0.42%
8. Expenses on management (million THB)	235.79	227.00	3.87%	119.56	135.84	(11.98%)
(%)	9.43	9.18	0.25%	5.83	6.53	(0.70%)
9. Profit before interest and income tax (million THB)	382.61	405.96	(5.75%)	333.69	354.14	(5.77%)
(%)	15.31	16.42	(1.11%)	16.27	17.03	(0.76%)
10. Profit before tax (million THB)	382.02	404.33	(5.52%)	333.54	353.89	(5.75%)
(%)	15.28	16.35	(1.07%)	16.27	17.02	(0.75%)
11. Net profit (million THB)	298.34	315.18	(5.34%)	259.53	274.76	(5.54%)
(%)	11.94	12.75	(0.81%)	12.66	13.21	(0.55%)
12. Net profit per share (THB)	0.20	0.21	(5.61%)	0.18	0.19	(5.38%)
13. Book value per share (THB)	8.26	8.03	2.86%	7.90	7.77	1.67%

Table 2: Profit/Loss Statement as of 31 March 2018 and 31 December 2017

Unit : million THB

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	as of 31 March 18	as of 31 Dec 17	%Variance	as of 31 March 18	as of 31 Dec 17	%Variance
14. Cash and cash equivalent	833.81	356.46	133.91%	587.62	210.42	179.26%
15. Trade debtors and other debtors	400.16	443.61	(9.79%)	318.87	367.59	(13.25%)
16. Land and project costs during construction	11,081.40	11,469.21	(3.38%)	9,811.46	10,206.52	(3.87%)
17. Backlog	6,396.09	5,495.63	16.39%	5,945.56	5,035.09	18.08%
18. Other current assets <u>Note 1</u>	109.13	195.53	(44.19%)	480.00	540.00	(11.11%)
19. Non-current assets <u>Note 2</u>	3,025.13	3,046.30	(0.69%)	3,253.76	3,279.26	(0.78%)
20. Total assets	21,845.71	21,006.73	3.99%	20,397.27	19,638.88	3.86%
21. Overdraft and short-term loan	4,842.01	4,469.27	8.34%	4,370.52	3,997.80	9.32%
22. Trade account payable and other creditors	2,817.62	1,780.38	58.26%	2,597.65	1,606.23	61.72%
23. Long-term loan	1,233.14	1,653.52	(25.42%)	1,210.27	1,618.02	(25.20%)
24. Overdue corporate income tax	147.83	90.25	63.80%	131.63	79.65	65.26%
25. Non-current liabilities <u>Note 3</u>	609.46	599.51	1.66%	425.69	418.56	1.70%
26. Total liabilities	9,650.06	8,592.92	12.30%	8,735.77	7,720.26	13.15%
27. Shareholders' equity	12,195.65	12,413.81	(1.76%)	11,661.50	11,918.62	(2.16%)

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 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.

After Revision

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak
Chief Executive Officer and Managing Director