

Ref. LPN/SorKor/208/2561

9th August 2018

Re: Consolidated Financial Statements Analysis Q2/2018

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co., Ltd. would like to submit the financial statements and information on the performance of the Company and subsidiary companies in Q2/2018 to The Stock Exchange of Thailand as follows:

L.P.N. Development Public Co., Ltd. and subsidiary companies are real estate developers and providers of comprehensive real estate services. The corporate group comprises the Company and four subsidiary companies. Since 2017, the property projects i.e. residential condominium and single home have been developed to serve the needs of all target groups. The Company started developing residential condominiums in the heart of the city once again in 2017 and the feedback was positive. The first three projects will be completed at the end of Q3 and Q4 this year with the combined value of 5,400 million THB. The units will be handed over and the ownership will be transferred in the latter half of 2018. As for single home projects, the Company has bought a piece of land and started developing "BAAN 365 RAMA III", a premium single home project on Rama 3 road. The selling price is 18-60 million THB and the project was launched on 14th July 2018. The Company has already achieved the sales volume of 1,600 million THB, accounting for 50% of the value of the project. Apart from developing property projects, the Company also provides comprehensive real estate services and other services to other companies. It will generate extra income for the organization in order to achieve sustainable growth.

The gross income of the Company and subsidiary companies in Q2/2018 is 2,283.40 million THB, increasing 12.02% or 245.10 million THB from Q2/2017. The income from sales, income from rental and service fee and income from management fee increase 11.53%, 10.56% and 16.85% respectively. The sales promotion costs (excluding ownership transfer expenses) increase 25.06% as a result of the attempt to liquidate the inventory. Therefore, the net profit has decreased 1.30% from the same quarter of the previous year. There is one project completed in Q2/2018, namely, Lumpini Ville Phra Nang Klao-Riverview and one real estate project for investment, namely, Lumpini Township Rangsit-Klong 1 (Phase 3), Building F1. Three new projects are launched in Q2/2018, namely, Lumpini Selected Sutthisan-Saphan Khwai, Lumpini Park Vibhavadi-Chatuchak and Lumpini Park Borom Ratchachonni-Sirindhorn with the combined value of 4,600 million THB. During the first half of 2018, the sales volume of 7,090 million THB is achieved i.e. 5,200 million THB from 4 new projects, 3,590 million THB or 51% from the existing sales volume and 3,500 million THB or 49% from the sales volume of projects launched in the previous years.

In the latter half of 2018, the backlog of the Company and subsidiary companies are 10,500 million THB from residential condominium and single home projects. The backlog of the income recognized in 2018 is around 6,000 million THB and that of the income recognized in 2019 is around 4,500 million THB. The Company is planning to launch new projects in Q3 and Q4 with the combined value of 12,000 million THB.

After revision

Performance in Q2/2018 and 2017

Consolidated financial statements

The net profit of the Company and subsidiary companies is more or less the same as that of the same quarter of the previous year. However, the net profit margin has decreased 1.30%. It is because 18% and 13% of the income from sales are from three projects completed in Q1/2018 and one project completed in Q2/2018 respectively. The remaining 69% is achieved from the sales of projects completed in the previous year as a liquidation of inventory. The gross profit has thus decreased 0.89% from the same quarter of the previous year.

Statement of financial position as of 30th June 2018 and 31st December 2017

Total assets

The total assets of the Company increase 700.83 million THB or 3.34% i.e. from 21,006.73 million THB to 21,707.56 million THB because of the followings:

1. Cash, cash equivalent and account receivables and other debtors increase 162.67% and 19.29% from 31st December 2017 respectively. It is because of the performance of the Company, the cash prepared for the ownership transfer of two plots of land, namely, Lumpini Ratchada Rama 3 and Lumpini Ville Suksawasdi-Rama 2 and the cash prepared for loan repayment to financial institutions.
2. The inventory increases 365.76 million THB or 6.66% i.e. from 5,495.63 million THB to 5,861.39 million THB, most of which is the income recognition of ready-to-move-in projects as well as the 4 projects completed and ready to be handed over. There is thus lesser number of projects under construction. During the year, the Company buys 4 more plots of land to develop the following projects; Lumpini Selected Sutthisan-Saphan Khwai, Lumpini Ville Sukhumvit 76-Bearing Station (2), Lumpini Park Borom Ratchachonni-Sirindhorn and Lumpini Ville Phattanakan-Srinakarin.

Total liabilities

Total liabilities increase 671.05 million THB or 7.81% i.e. from 8,592.92 million THB to 9,263.97 million THB. It is mainly because the account payable and other creditors increase 478.13 million THB or 26.86% i.e. from 1,780.38 million THB to 2,258.51 million THB. Since projects development is ongoing, the creditors for construction costs increase 287.05 million THB or 45.26%. Moreover, the down payment of projects that are pending income recognition has increased 142.54 million THB or 16.63%.

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 0.77 : 1 as of 31st December 2017 and 30th June 2018 respectively.

Cash flow statement as of 30th June 2018 and 30th June 2017

The cash flow statement as of 30th June 2018 increases 3.12 million THB or only 0.33% from the same period of the previous year. It is because the operational performance is more or less similar to that of the previous year.

The year 2018 is the Year of Change. The Company is changing all the aspects of the operation in order for the Company to grow in a sustainable manner in accordance with sufficiency economy philosophy.

Important numbers in the financial statement Q2/2018 and 2017**Table 1: Profit/Loss Statement in Q2/2018 and 2017**

| Numbers | Consolidated Financial Statement | | | Separate Financial Statement | | |
|--|----------------------------------|----------|-----------|------------------------------|----------|-----------|
| | Q2/2018 | Q2/2017 | %Variance | Q2/2018 | Q2/2017 | %Variance |
| 1. Main income (Million THB) | 2,283.40 | 2,038.31 | 12.02% | 1,786.01 | 1,665.18 | 7.26% |
| 2. Gross profit from sale (%) | 29.38 | 30.27 | (0.89%) | 27.80 | 28.24 | (0.44%) |
| 3. Gross profit from rental and service business (%) | 30.97 | 33.95 | (2.97%) | 20.53 | 33.96 | (13.43%) |
| 4. Gross profit from management business (%) | 30.44 | 34.26 | (3.82%) | - | - | - |
| 5. Gross profit from main income (Million THB) | 673.75 | 625.76 | 7.67% | 494.27 | 471.95 | 4.73% |
| (%) | 29.51 | 30.70 | (1.19%) | 27.67 | 28.34 | (0.67%) |
| 6. Expenses on sales (Million THB) | 137.74 | 119.48 | 15.28% | 117.33 | 103.40 | 13.47% |
| (%) | 6.03 | 5.86 | 0.17% | 6.57 | 6.21 | 0.36% |
| 7. Expenses on sales (Million THB) | 54.44 | 43.53 | 25.06% | 44.36 | 34.25 | 29.52% |
| (excluding ownership transfer) | | | | | | |
| (%) | 2.38 | 2.14 | 0.24% | 2.48 | 2.06 | 0.42% |
| 8. Expenses on management (Million THB) | 220.26 | 190.87 | 15.40% | 116.96 | 96.18 | 21.61% |
| (%) | 9.65 | 9.36 | 0.29% | 6.55 | 5.78 | 0.77% |
| 9. Profit before interest and income tax (Million THB) | 321.24 | 319.81 | 0.45% | 268.02 | 311.70 | (14.01%) |
| (%) | 14.07 | 15.69 | (1.62%) | 15.01 | 18.72 | (3.71%) |
| 10. Profit before tax (Million THB) | 320.56 | 318.65 | 0.63% | 267.62 | 311.37 | (14.05%) |
| (%) | 14.04 | 15.63 | (1.59%) | 14.98 | 18.70 | (3.72%) |
| 11. Net profit (Million THB) | 249.13 | 248.78 | 0.14% | 207.66 | 247.37 | (16.05%) |
| (%) | 10.91 | 12.21 | (1.30%) | 11.63 | 14.86 | (3.23%) |
| 12. Net profit per share (THB) | 0.17 | 0.17 | -% | 0.14 | 0.17 | (16.07%) |
| 13. Book value per share (THB) | 8.43 | 8.22 | 2.55% | 8.04 | 7.94 | 1.26% |

After revision

Table 2: Statement of Financial Position as of 30th June 2018 and 31st December 2017

Unit : Million THB

| Numbers | Consolidated Financial Statement | | | Separate Financial Statement | | |
|--|----------------------------------|-----------------|-----------|------------------------------|-----------------|-----------|
| | as of 30 Jun 18 | as of 31 Dec 17 | %Variance | as of 30 Jun 18 | as of 31 Dec 17 | %Variance |
| 14. Cash and cash equivalent | 936.30 | 356.46 | 162.67% | 574.70 | 210.42 | 173.12% |
| 15. Trade debtors and other debtors | 529.20 | 443.61 | 19.29% | 441.24 | 367.59 | 20.04% |
| 16. Land and project costs during construction | 11,066.83 | 11,469.21 | (3.51%) | 9,867.41 | 10,206.52 | (3.32%) |
| 17. Backlog | 5,861.39 | 5,495.63 | 6.66% | 5,454.27 | 5,035.09 | 8.33% |
| 18. Other current assets ^{Note 1} | 21.50 | 195.53 | (89.00%) | 360.50 | 540.00 | (33.24%) |
| 19. Non-current assets ^{Note 2} | 3,292.34 | 3,046.30 | 8.08% | 3,518.17 | 3,279.26 | 7.29% |
| 20. Total assets | 21,707.56 | 21,006.73 | 3.34% | 20,216.29 | 19,638.88 | 2.94% |
| 21. Overdraft and short-term loan | 5,032.64 | 4,469.27 | 12.61% | 4,604.92 | 3,997.80 | 15.19% |
| 22. Trade account payable and other creditors | 2,258.51 | 1,780.38 | 26.86% | 2,004.06 | 1,606.23 | 24.77% |
| 23. Long-term loan | 1,248.62 | 1,653.52 | (24.49%) | 1,217.17 | 1,618.02 | (24.77%) |
| 24. Overdue corporate income tax | 106.33 | 90.25 | 17.82% | 95.09 | 79.65 | 19.38% |
| 25. Non-current liabilities ^{Note 3} | 617.87 | 599.51 | 3.06% | 428.09 | 418.56 | 2.28% |
| 26. Total liabilities | 9,263.97 | 8,592.92 | 7.81% | 8,349.33 | 7,720.26 | 8.15% |
| 27. Shareholders' equity | 12,443.59 | 12,413.81 | 0.24% | 11,866.97 | 11,918.62 | (0.43%) |

After revision

^{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