
Major Events in Q4/18 and February 2019

- October
- 1) EGM no. 1/2018, on 11 October 2018 approved the investment in assets of KPNL through EBT and the allocation of newly issued ordinary shares of the Company to KPNL
 - 2) Appointed Mr. Rathian Srimongkol as the Vice Chairman of the Board of Directors, effective from 12 October 2018. Appointed Prof. Dr. Surakiat Sathirathai as the Chairman of the Board of Directors and appointed Mr. Lee Chye Tek Lionel as the Chief Executive Officer (CEO) to replace Mr. Lee Chye Cheng Adrian who was appointed as the Chief Operating Officer (COO), effective from 1 November 2018 onwards
 - 3) Launched 2 luxury condominium projects, “the Estelle Phrom Phong” and “TAIT 12” with the first week pre-sales volume of more than 40% and 60% of the project value, respectively.
- November
- Appointed Mr. Bancha Wudhiprecha as an Independent Director and a member the Audit Committee, effective from 14 November 2018 onwards.
- December
- Increased share capital and allocated 597.0mn newly issued ordinary shares of the Company to KPNL as part of the payment for the investment in KPNL’s assets. As a result, the Company’s registered and paid-up capital was increased to THB 4,172,484,127.
- February
- Entered into the 3rd joint venture agreement with Tokyo Tatemono Asia Pte. Ltd. to jointly develop a luxury condominium project in Thonglor area, Soi Sukhumvit 38.

Management outlook and future projects

Despite the bearish outlook for Bangkok real estate business in 2019 and necessity to increase caution in business operation, the management maintain positive view over luxury condominium¹ market, appraising from sales volume of the projects launched in Q4/18 of the Company and its subsidiaries (“the Company”) which are, “the Estelle Phrom Phong” and “TAIT 12”, as well as other projects within the same segment. In addition, the stringent residential financing granting measure has not negatively affected the operation as the Company has the policy to develop project which has average selling price per unit higher than THB 10mn and the Company usually collect total down payment not less than 20% of unit value. Within the next 2-3 years, the Company continues to operate pursuant to the main business plan to develop luxury condominium projects. Recently, the Company has signed a joint venture agreement with Tokyo Tatemono Asia Pte. Ltd. to jointly develop a luxury condominium project in Thonglor area, Sukhumvit 38, which will be launched within 2019.

¹ Condominium project which has average price per unit of THB 10mn or higher

Q4/18 and 2018 Financial Highlight

- Backlog volume² of the Company and subsidiaries having the total value of THB 11,081.7mn as of 31 December 2018
- Sales volume of Q4/18 has the value of THB 3,486.7mn, amounted to 57.8% of the total sales volume in 2018 which has the value of THB 6,034.8mn
- Total revenue of Q4/18 was THB 1,514.0mn, 234.8% increase YoY and 246.4% increase QoQ
- Revenue from units transferred to customers in Q4/18 equals THB 1,355.4mn, 236.3% increase YoY and 349.3% increase QoQ
- Total assets as of 31 December 2018 equal THB 14,329.7mn, an increase of THB 3,871.8mn from the previous year
- Net debt to Equity ratio³ as of 31 December 2018 equals 0.96 times

Operating result Q4/18 and 2018

Revenue and Backlog²

Source of income (Unit: THB mn)	Q4/18		Q4/17		2018		2017	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
North Point	-	-	-	-	100.0	3.0%	-	-
The River	43.2	2.9%	51.9	11.5%	203.8	6.1%	269.9	8.9%
185 Rajdamri	252.7	16.7%	174.7	38.6%	617.8	18.6%	414.5	13.7%
Zire Wongamat	23.5	1.6%	92.6	20.5%	105.8	3.2%	402.2	13.3%
UNIXX South Pattaya	57.7	3.8%	37.0	8.2%	798.2	24.0%	496.1	16.4%
The Lofts Ekkamai	-	-	46.9	10.4%	40.5	1.2%	1,283.6	42.6%
Mews Yen Akat	114.5	7.6%	-	-	203.5	6.1%	-	-
The Lofts Asoke	227.6	15.0%	-	-	227.6	6.8%	-	-
The Diplomat 39	626.5	41.4%	-	-	626.5	18.8%	-	-
The Diplomat Sathorn	9.6	0.6%	-	-	9.6	0.3%	-	-
Net profit from sales of the Diplomat units	17.0	1.1%	-	-	67.0	2.0%	-	-
Gain from loss of control in subsidiaries	49.7	3.3%	-	-	82.8	2.5%	-	-
Food & Beverage	9.2	0.6%	-	-	29.3	0.9%	-	-
Others ⁴	82.8	5.5%	49.1	10.9%	214.5	6.4%	149.6	5.0%
Total revenue	1,514.0	100.0%	452.2	100.0%	3,326.9	100.0%	3,015.9	100.0%

² Backlogs include sold units with sale and purchase agreements and booking

³ Calculated from interest-bearing debt net of cash and cash equivalents

⁴ Including rental and service income, marketing commission income, project management fee, interest, and others

In Q4/18, the Company has the total revenue of THB 1,514.0mn, an increase of THB 1,061.8mn or 234.8% YoY of which, THB 1,355.4mn, or 89.5% of the total revenue was from the units transfers of 8 real estate projects.

Total revenue for the full year 2018 was THB 3,326.9mn, an increase of THB 311.0mn or 10.3% YoY of which, THB 2,933.3mn, or 88.2% of the total revenue was from the units transfers of 10 real estate projects.

As of 31 December 2018, the total backlog⁵ of the Company has the total value of THB 11,081.7mn, an increase of 107.4% from THB 5,359.5mn at the end of 2017. The backlog⁵ of THB 11,081.7mn consists of, 26.1% from The Lofts Silom, 23.3% from TAIT 12, 21.8% from The Lofts Asoke, 19.3% from the Estelle Phrom Phong, 7.3% from the Diplomat 39, 1.6% from The River, 0.5% from Mews Yen Akat and 0.1% from UNIXX South Pattaya, total of 8 projects.

Cost of Sales

In 4Q/18 the Company's real estate business cost equaled THB 1,010.8mn, an increase of THB 752.9mn from THB 257.8mn in the same quarter of the previous year in line with the increases in revenue.

Gross Profit and Gross Profit Margin (GPM)

in Q4/18, the Company has gross profit from sales of real estate of THB 344.6mn, or GPM of 25.4%, which decreased from GPM of 36.0% in Q4/17 due to the large number of transfers of the Diplomat 39 which is the project purchased for sale, therefore the GPM is lower than the projects developed by the Company.

For the full year 2018, the Company has gross profit from sales of real estate of THB 740.1mn, decreased from THB 932.0mn in 2017. The 2018's GPM equaled 25.2% which decreased from the 2017's GPM of 32.5% due to special discount for sales of the UNIXX South Pattaya project as well as the transfer of the project with low GPM project as described above. If not taking the 2 projects into account, the Company would have a GPM from real estate sale in 2018 of 34.8%.

Sales and Administrative Expenses (SG&A)

The Company's SG&A in Q4/18 was THB 316.6mn, an increase of THB 86.2mn, or 37.4% YoY, from THB 230.4mn in Q4/17 due to an increase in expenses for transfer and Special Business Tax (SBT) in line with the increase of revenue from sales of real estate projects.

For the full year 2018, SG&A was THB 883.1mn, an increase of 17.1% YoY or THB 128.7mn from THB 754.4mn in 2017 due to the starting up of the office building project and the food and beverage business as well as the transfer expenses and the Special Business Tax in Q4/18 as described above.

⁵ Backlogs include sold units with sale and purchase agreements and booking

Financial Cost

Most of financial cost resulted from loan interest borrowed to develop projects, which are capitalized as development costs for respective projects till construction completion. Thereafter, such interest costs will be amortized as finance costs in the Statement of Income. Loans are repaid in installments upon unit transfer. In Q4/18, the Company had financial cost of THB 47.3mn, an increase of THB 47.1mn from THB 0.2mn in Q4/17 due to the interest from loan for acquiring KPNL's property which are finished projects and ready for sale, therefore the interest expense of which cannot be capitalized as the project cost.

For the full year 2018, the Company has the financial cost of THB 149.0mn, compared to THB 77.1mn for the full year 2017, an increase of 93.3% or THB 71.9mn due to the Company's higher loan amount for investing in new projects and for working capital as well as the interest expense from loan for acquiring KPNL's property as described above.

Net Profit

In Q4/18, the Company had a consolidated net profit including equity of shareholders of the Company of THB 107.1mn or THB 0.03 per share.

For the full year 2018, the Company had a consolidated net profit including equity of shareholders of the Company of THB 8.6mn.

Financial Position (as of 31 December 2018)

Assets

Total assets of the Company stood at THB 14,329.7mn, an increase of THB 3,871.7mn or 37.0% from those of THB 10,458.0mn as of 31 December 2017. The increase was primarily attributed to the increase of leasehold right of THB 1,524.1mn for the land plot on Ploenchit road which the Company was handed over the land plot and registered the leasehold right with the Land Department in April 2018. Apart from that, there was an increase in land awaiting development of THB 1,631.4mn from the investment in property of KPNL through entire business transfer transaction which was approved by the Extraordinary General Meeting of Shareholders No. 1/2018 on 11 October 2018.

Liabilities

Total liabilities of the Company stood at THB 8,607.9mn, an increase of THB 3,216.6mn or 59.7% from THB 5,391.3mn of the total liabilities as of 31 December 2017. The short-term loan (including long-term loans with due date within 1 year) increased THB 2,093.4mn of which THB 1,130.7mn was long-term loans of the Lofts Asoke project which will be due within 1 year and will be gradually repaid along with the unit transfer. Apart from that, there were THB 408.2mn increased in long-term loan for working capital and investments in new projects and THB 556.9mn increased in deposits and advance received from customers.

Shareholders' Equity

Total shareholders' equity of the Company stood at THB 6,561.4mn, an increase of THB 655.2mn, or 12.9%, from THB 5,066.7mn as of 31 December 2017. This was mainly from the capital increase by issuing and allocating 597mn new ordinary shares of the Company to KPNL as a part of the payment for the investment in KPNL's property.

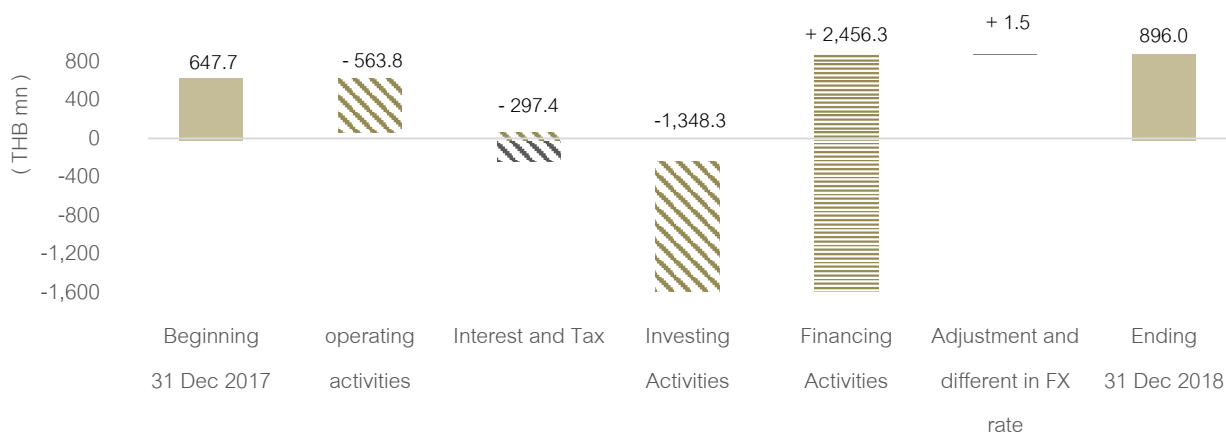
Net debt to Equity Ratio

The interest-bearing debt of the Company stood at THB 6,561.4mn while cash and cash equivalents stood at THB 896.0mn and current investments stood at THB 224.9mn. As a result, the debt to equity ratio⁶ was 0.96 times as of 31 December 2018, increased from 0.67 times as of 31 December 2017 due to the investment in land for new residential real estate projects. The Company still has the policy to maintain the D/E ratio of not exceeding 1.5 times.

Cash Flows

For full year 2018, the Company had net cash used in operating activities of THB 563.8mn. The key components were the payment for 2 condominium projects purchased for sale, "the Diplomat" and cash paid for deposit of land. Net cash used in investing activities was THB 1,348.3mn. The key component was THB 1,220.9mn cash deposit for leasehold right of land on Ploenchit road for developing the office building project. Net cash received from financing activities was THB 2,456.4mn. The key components were cash received from a long-term loan from financial institutions. As a result, the Company had ending cash of THB 896.0mn as of 31 December 2018.

Cash flows movement in 2018



(Sataporn Amornvorapak)
 Director and Company Secretary

⁶ Calculated from interest-bearing debt net of cash and cash equivalents