

Ref. LPN/SorKor/146/2562

9th May 2019

Re: Financial Statements Analysis Report Q1/2019

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co.,Ltd. would like to submit the financial statements in Q1/2019 of the Company and subsidiary companies to the Stock Exchange of Thailand as follows:

L.P.N. Development Public Co., Ltd. and subsidiary companies are developers of real estate and providers of real estate services. The main focus is put on the quality of life of residents managed with “Livable Community” strategy, social and environmental responsibility and sustainable growth. The Company believes that the residential condominium sector in the real estate business is currently facing slowdown. The Company and subsidiary companies thus establish a strategy to expand the income base. As for real estate development business, the ratio of single house project development is increased to enhance business growth. As for real estate service business, the Company aims to increase income by providing services to projects developed by other property developers. The business growth target in 2019 is thus set at 10 - 15%.

The gross main income of the Company and subsidiary companies in Q1/2019 is 2,790.24 million THB, increasing 290.71 million THB or 11.63% from Q1/2018. The income from sales, rent and service and management fee increased 10.71%, 44.17% and 16.99% respectively. The expenses in sales (excluding ownership transfer expenses) increased 355.17% from the brokerage fee of Lumpini Suite Petchaburi - Makkasan project, the income of which was recognized in Q1/2019. The net profit increased 17.32% from the same quarter of the previous year. In Q1/2019, one project was completed i.e. Lumpini Ville Sukhumvit 76 - Bearing Station (2), valuing around 700 million THB. The sales volume of the Company and subsidiary companies in Q1/2019 of 1,700 million THB derived from residential condominiums (1,100 million THB) and single house project (600 million THB).

In 2019, the Company aims to launch new projects worth 20,000 million THB i.e. residential condominiums valuing 12,000 million THB and single house project valuing 8,000 million THB. The combined sales volume target is set at 16,500 million THB i.e. residential condominiums valuing 11,000 million THB and single house project valuing 5,500 million THB. The income recognition target is 12,000 million THB i.e. 9,000 million THB from residential condominiums and 3,000 million THB from single house project.

As of 31st March 2019, the backlog of the Company and subsidiary companies was 7,800 million THB from residential condominium and single house projects i.e. 7,300 million THB in 2019 and 500 million THB in 2020.

Performance in Q1/2019 and 2018

Consolidated financial statements

The net profit of the Company and subsidiary companies increased 17.32% and 0.60% respectively, most of which was the income recognition from ready-to-move-in projects and recognition of one project completed in Q1/2019. The gross profit from sales increased 4.39% from the same quarter of the previous year.

Statement of financial position as of 31 March 2019 and 31 December 2018

Total assets

The total assets of the Company increased 166.34 million THB or 0.78% i.e. from 21,250.21 million THB to 21,416.55 million THB. The main reasons are as follows:

1. Cash and cash equivalent increased 58.23% as a result of ownership transfer and increased income from rent, services and management.
2. Projects under development and inventory increased 196.35 million THB or 1.14% i.e. from 16,928.07 million THB to 17,120.42 million THB as a result of one project completed and ready to be handed over. Moreover, the development of one single house project was halted and then resumed in Q1/2019.

Total liabilities

The total liabilities increased 500.92 million THB or 6.02% i.e. from 8,315.57 million THB to 8,816.49 million THB. The main reasons are as follows:

1. The Company borrowed from financial institutions to develop projects in 2019, therefore, the loan amount increased 288.2 million THB or 5.49%.
2. Trade account payables and other creditors increased 116.11 million THB or 5.07% i.e. from 2,289.54 million THB to 2,405.64 million THB. As a result of projects development, construction creditors increased 6.83 million THB or 0.79% and the overdue dividend was 582.7 million THB. It would be paid to shareholders in April 2019.

As a result of the above, the interesting bearing debt-to-equity ratio of shareholders and the debt-to-equity ratio of shareholders increased from 0.41:1 to 0.44:1 and from 0.64:1 to 0.70:1 as of 31st December 2018 and 31st March 2019 respective

Cash flow statement

The cash flow statement as of 31st March 2019 and as of 31st March 2018 decreased 220.33 million THB or 26.42% i.e. from 833.81 million THB to 613.47 million THB. It is because the Company repurchased 14.39 million shares worth 95.54 million THB in Q1/2019 and the promissory note that was due decreased 75.45 million THB from the same quarter of the previous year. Furthermore, the Company invested in equity instruments and increased loan for associated companies at the amount of 42.5 million THB. In Q1/2019, no cash was received from the sales of real estate for investment while the amount of 34.78 million THB in cash was received in the same quarter of the previous year. As a consequence, the cash flow decreased 220.33 million THB.

Important numbers in the financial statement Q1/2019 and 2018

Table 1: Profit/Loss Statement in Q1/2019 and 2018

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	Q1/2019	Q1/2018	%Variance	Q1/2019	Q1/2018	%Variance
1. Main income (million THB)	2,790.24	2,499.53	11.63%	2,092.78	2,050.37	2.07%
2. Gross profit from sale (%)	33.66%	29.28%	4.39%	33.05%	27.36%	5.69%
3. Gross profit from rental and service business (%)	43.54%	30.16%	13.38%	39.36%	17.08%	22.28%
4. Gross profit from management business (%)	36.82%	33.73%	3.10%	-	-	-
5. Gross profit from main income (million THB)	951.38	741.80	28.25%	694.14	557.99	24.40%
(%)	34.10%	29.68%	4.42%	33.17%	27.21%	5.96%
6. Expenses on sales (million THB)	265.51	133.72	98.56%	244.57	118.29	106.75%
(%)	9.52%	5.35%	4.17%	11.69%	5.77%	5.92%
7. Expenses on sales (million THB)	162.77	35.76	355.17%	158.23	28.99	445.81%
(excluding ownership transfer)						
(%)	5.83%	1.43%	4.40%	7.56%	1.41%	6.15%
8. Expenses on management (million THB)	259.57	235.79	10.09%	134.08	119.56	12.14%
(%)	9.30%	9.43%	(0.13%)	6.41%	5.83%	0.58%
9. Profit before interest and income tax (million THB)	451.77	382.61	18.08%	351.50	333.69	5.34%
(%)	16.19%	15.31%	0.88%	16.80%	16.27%	0.53%
10. Profit before tax (million THB)	450.86	382.02	18.02%	351.08	333.54	5.26%
(%)	16.16%	15.28%	0.88%	16.78%	16.27%	0.51%
11. Net profit (million THB)	350.00	298.34	17.32%	276.23	259.53	6.43%
(%)	12.54%	11.94%	0.60%	13.20%	12.66%	0.54%
12. Net profit per share (THB)	0.24	0.20	17.33%	0.19	0.18	6.25%
13. Book value per share (THB)	8.54	8.26	3.39%	8.01	7.90	1.39%

After revision

Table 2: Profit/Loss Statement as of 31 March 2019 and 31 December 2018

Unit : million THB

Numbers	Consolidated Financial Statement			Separate Financial Statement		
	as of 31 Mar 19	as of 31 Dec 18	%Variance	as of 31 Mar 19	as of 31 Dec 18	%Variance
14. Cash and cash equivalent	613.49	387.72	58.23%	426.89	282.09	51.33%
15. Trade debtors and other debtors	400.75	401.67	(0.23%)	293.64	306.32	(4.14%)
16. Land and project costs during construction	9,131.95	9,243.16	(1.20%)	7,413.96	7,686.94	(3.55%)
17. Backlog	7,988.47	7,684.91	3.95%	7,359.82	7,269.15	1.25%
18. Other current assets <u>Note 1</u>	51.50	68.10	(24.38%)	925.50	698.00	32.59%
19. Non-current assets <u>Note 2</u>	3,230.41	3,464.65	(6.76%)	3,458.30	3,697.17	(6.46%)
20. Total assets	21,416.55	21,250.21	0.78%	19,878.11	19,939.66	(0.31%)
21. Overdraft and short-term loan	3,540.08	3,246.08	9.06%	3,282.32	3,058.99	7.30%
22. Trade account payable and other creditors	2,405.64	2,289.54	5.07%	2,141.48	2,078.35	3.04%
23. Long-term loan	1,998.59	2,004.39	(0.29%)	1,996.33	1,993.98	0.12%
24. Overdue corporate income tax	218.08	152.71	42.81%	189.31	137.91	37.27%
25. Non-current liabilities <u>Note 3</u>	654.10	622.86	5.02%	442.35	433.01	2.16%
26. Total liabilities	8,816.49	8,315.57	6.02%	8,051.78	7,702.24	4.54%
27. Shareholders' equity	12,600.06	12,934.64	(2.59%)	11,826.33	12,237.42	(3.36%)

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 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