

- Translation -

No. J62/008

6 August 2019

Subject: Management Discussion and Analysis, 2nd Quarter Ending 30 June 2019
Attention: President
The Stock Exchange of Thailand

Pursuant to JAS Asset Public Company Limited (“the Company”) Meeting Resolution No. 6/2019 on 6 August 2019, the resolution to certify the Company’s financial statements and performance for the second quarter ending 30 June 2019 which has already been reviewed by the Company’s auditor can be summarized as follows:

The Company’s performance for the second quarter in 2019 showed a net loss of 17.9 million baht, which was higher than the second quarter in 2018 at 24.0 percent. The Company’s performance for the six-month period for 2019 showed a net loss of 17.5 million baht higher than the sixth-month period for 2018 by 23.0 percent. The reason for the Company’s incurred net loss was due to a decreasing in rental and services income and an increasing selling and administrative expenses. Thus, the details of the Company’s performance are explained as follows:

Rental and Services Income

Rental and service income for the second quarter in 2019 was equal to 140.5 million baht lower than the second quarter of 2018 at 11.7 percent. For total revenues for the second quarter in 2019 was 167.8 million Baht a decline by 0.8% from the same period last year. This was because reducing IT Junction branches that have not achieved to the target performance. However, due to an increasing of sale in coffee shop business, the total revenues of the Company is slightly decline as compare to the same period last year.

Rental and service income for the 6 month period of 2019 was 295.5 million Baht which lower than the same period last year of 2018 of 8.4%. And total revenue for 6-month period was 339.5 million Baht a decrease by 2.3% from the same period last year.

Cost of Rental and Service Income

The Company incurred rental and service costs for the second quarter of 2019 equal to 129.6 million Baht lower than the second quarter of 2018 at 10.8 percent. Whereas cost of rental and service Income for 6 month end of 2019 equal to 264.4 million Baht or decrease 20.2 million Baht or 7.1% from the same period last year. The company reduced the rental space in the branches that had not achieved the target.

Gross Profit

The Company had gross profit for the second quarter of 2019 equal to 22.2 million baht which represent gross profit margin of 13.2% which was higher from the same period last year. Because the company has revenue from business that have higher gross margin, such as coffee shop business. However, the gross margin for six months of 2019 was 52.3 million baht which represent gross profit margin of 15.4% and higher than the same period last year.

Service and Administrative Expenses

The Company had service and administrative expenses for the second quarter of 2019 equal to 44.8 million baht, which was 20.1 percent higher than the second quarter of 2018. For 6 month end of 2019, the service and administrative expenses was 88.1 million Baht or increase 18.4%. Most of the added expenses were due to expenses incurred in marketing expenses and employee expense from coffee shop business.

Summary of Financial Statement of Positions

	30-Jun-19	31-Dec-18	Change	%Change
Assets				
Cash and Cash Equivalents	232.7	21.4	211.3	987.8%
Trade and Other Receivables	67.7	56.0	11.7	20.9%
Property Development Cost	239.6	156.7	82.9	52.9%
Other current assets	34.5	26.7	7.8	29.3%
Total current assets	574.4	260.7	313.6	120.3%
Investment Properties	518.8	518.8	0.0	0.0%
Leasehold Right and Building	1,298.8	1,286.4	12.5	1.0%

	30-Jun-19	31-Dec-18	Change	%Change
Deposit	134.4	132.5	1.9	1.4%
Other non-current assets	201.0	211.1	-10.1	-4.8%
Total non-current assets	2,153.0	2,148.7	4.2	0.2%
Total Assets	2,727.3	2,409.5	317.9	13.2%
Liabilities and Shareholders' Equity				
OD and Short-term Loan	0.0	60.0	-60.0	100.0%
Trade and other payable	136.6	102.7	33.9	33.1%
Long-term Loan - Current portion of Long term Loan	195.8	122.4	73.3	59.9%
Short-term Loan	119.8	0.0	119.8	100.0%
Long-term loan - Net	399.3	467.0	-67.7	-14.5%
Debentures	463.9	562.7	-98.8	-17.6%
Deposit received from Lessees	109.4	125.7	-16.3	-13.0%
Total Liabilities	1,474.9	1,464.6	10.3	0.7%
Shareholder's Equity	1,252.5	944.9	307.5	32.5%

Assets

As of the period ending 30 June 2019, the Company had total assets equal to 2,727.3 million baht higher more than 2018 equal to 317.9 million baht or 13.2% due to the Company received cash from capital increasing by right offering to the shareholders during the second quarter of 2019 and incurred property development cost of the condominium project, Newera Condominium and New Community Mall Project.

Liabilities & Shareholder's Equity

As for the period ending 30 June 2019, the Company had total liabilities equal to 1,474.9 million baht more than 2018 equal to 10.3 million baht or 0.7 percent due to an increasing short-term debt. The company has returned the debt to financial institutions as of the period ending 30 June 2019, while shareholders' equity equal to 1,252.5 million baht. The Company debt to equity ratio stood at 1.18 times and the interest bearing-debt to equity ratio is 0.94 times and lowers than the same period last year.

Forward Looking

The company is in the process of constructing the Newera condominium project, which is expected to be completed and can be transferred to customers within the fourth quarter of 2019. Currently, the condominium project has already booked over 60% of the total number of rooms. The company is still confident to transfer condominiums to customers according as according to the business plan.

In addition, as informed to shareholders and investors, the Company is under process of the construction of the new community mall project which located near Amata Nakorn Industrial Estate. Currently, the company has already rented out some leasable to the major tenants. The New Community Mall Project is expecting to commercialize in the first quarter of 2020. This will allow the company to fully recognize the revenue from the project.

Thus, you have been informed for your acknowledgement.

Sincerely Yours,

- Signed -

(Mr. Suphot Sirikulapas)
Chief Executive Officer
JAS Asset Public Company Limited