



No. CMC Sor Lor.012/2019

August 13, 2019

Re: Management Discussion & Analysis for the Period Ended 30 June 2019  
 To: The President of the Stock Exchange of Thailand (SET)

CHAOPRAYAMAHANAKORN PUBLIC COMPANY LIMITED (“the Company”) would like to provide an explanation regarding our financial performance and position for the 6-month period ended 30 June 2019 as follows:

**Financial Performance**

	For the 6-month period ended					
	30 June 2018		30 June 2019		Change	
	Millions of THB	%	Millions of THB	%	Millions of THB	%
Revenue from sale of real estate	975.70	97.59%	699.15	90.53%	(276.55)	-28.34%
Revenue from construction service	0.00	0.00%	45.13	5.84%	45.13	100.00%
Cost of sales	(570.26)	-57.04%	(398.64)	-51.62%	(171.62)	-30.10%
Cost of construction service	0.00	0.00%	(42.76)	-5.54%	(42.77)	100.00%
<b>Gross Profit</b>	405.44	40.55%	302.88	39.22%	(102.56)	-25.30%
Other Revenue	24.06	2.41%	27.99	3.62%	3.93	16.33%
Selling Expense	(103.76)	-10.38%	(110.85)	-14.35%	7.09	6.83%
Administrative Expense	(84.64)	-8.47%	(100.14)	-12.97%	15.50	18.31%
Other Expenses	(9.29)	-0.93%	(20.58)	-2.66%	11.29	121.53%
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<b>EBIT</b>	231.81	23.19%	99.30	12.86%	(132.51)	-57.16%
Financing cost	(75.29)	-7.53%	(38.63)	-5.00%	(36.66)	-48.69%
<b>EBT</b>	156.52	15.66%	60.67	7.86%	(95.85)	-61.24%
Corporate Income Tax	(33.43)	-3.34%	(24.24)	-3.14%	(9.19)	-27.49%
<b>Net Profit</b>	123.09	12.31%	36.43	4.72%	(86.66)	-70.40%



### **Revenue from Sale of real estate**

Revenue from sale of real estate for the 6-month period ended 30 June 2018 and 2019 were THB 975.70 and 699.15 million consecutively. Revenue from sale of properties decreased by THB 276.55 million or 28.34% due mainly to none of new project has been completed in the past 6 months. Therefore, most of the revenue came from the completed projects in early 2018 which was Chateau in Town Charansanitwong 96/2 and Chateau in Town Rama 8 which was completed around the end of 2017. Thus, those two projects had consistently generated revenue.

### **Revenue from Construction Service**

Revenue from construction service for the 6-month period ended 30 June 2018 and 2019 were THB 0.00 and 45.13 million, respectively. Revenue from construction service had increased significantly due to the expansion of construction business by subsidiary which previously only focused within the group to the company outside the group. The revenue from construction service which recognized in the first half of 2019 has mostly come from the construction started in 2018 such as Chulalongkorn University, Institute of Molecular Biosciences, Mahidol University and Department of Provincial Administration.

### **Cost of sales and Gross Profit**

Cost of sales for the 6-month period ended 30 June 2018 and 2019 were THB 570.26 and 398.64 million respectively. Cost of properties sale is those related to real estate project development which are recognized in accordance with Matching Principle. It will rise or fall commensurate with rise or fall in revenue from sale of properties.

Gross margins for the 6-month period ended 30 June 2018 and 2019 were 41.55% and 40.69% respectively. It could be seen that gross margin of the Group of Companies does not change significantly as it has policy to sustain appropriate gross margin for each real estate project development.

### **Other Income**

The company's other income for the 6-month period ended 30 June 2018 and 2019 were THB 24.06 and 27.99 million respectively. Other income increased by THB 3.93 million or 16.33%. This is because the revenue from tools & machine rental and revenue from goods sold have increased significantly in the first quarter of 2019.

### **SG&A**

The Company's selling expense for the 6-month period ended 30 June 2018 and 2019 were THB 103.76 and 110.85 million consecutively. Selling expense had risen by THB 7.09 million or 6.83% due mainly to increase of Integrated Marketing Communications expense where the company sponsored Icon Cineconic cinema at Icon Siam with Major Cineplex Group Public Company Limited.



The Company's administrative expense for the 6-month period ended 30 June 2018 and 2019 were THB 84.64 and 100.14 million consecutively. Administrative expense increased by THB 15.50 million or 18.31%. This is because the Company recognized reversal of an impairment of asset for amount THB 6.53 resulted from revenue recognition of The Rich Rama 2 project in the first quarter of 2018. Moreover, other administration expense does not change significantly.

The Company's other expenses for the 6-month period ended 30 June 2018 and 2019 were THB 9.29 and 20.58 million consecutively. Other expenses increased significantly by THB 11.29 million or 121.53%. This is because the company's revenue from goods sold and revenue from rental and service increased notably in 2019 which lead to presenting cost of those revenue separately in other expenses (previous year was presented net with other income).

### Financing Cost

The Company's financing cost for the 6-month period ended 30 June 2018 and 2019 were THB 75.29 and 38.63 million respectively, a decline by THB 36.66 million or 48.69%. This is because the Company repaid some portion of short-term. As a result, the financing cost was reduced.

### Corporate Income Tax

The Company's corporate income tax for the 6-month period ended 30 June 2019 totaled THB 38.63 million. This represents an effective tax rate of 39.95% which is higher than its statutory tax rate of 20.00% due mainly to deferred tax expense was recognized in the first half of 2019.

### Net Profit

The Company's net profit for the 6-month period ended 30 June 2018 and 2019 totaled THB 75.29 and 38.63 million consecutively, a decline by THB 36.66 million or 48.69%. Such decrease is due mainly to decrease in revenue from sale of properties. The Company's net profit margins for the 6-month period ended 30 June 2019 are 12.31% and 4.72% respectively.

### Financial Position

	For the 6-month period ended					
	31 December 2018		30 June 2019		Change	
	Millions of THB	% of Total Assets	Millions of THB	% of Total Assets	Millions of THB	%
<b>Total Assets</b>	5,269.65	100.00%	5,063.26	100.00%	(206.39)	-3.92%
<b>Total Liabilities</b>	2,643.05	50.16%	2,440.58	48.20%	(202.47)	-7.66%
<b>Total Shareholders' Equity</b>	2,626.60	49.84%	2,622.69	51.80%	(3.91)	(0.15%)



The Company's total assets as of 30 June 2019 decreased by THB 206.39 million or 3.92% from that as of 31 December 2018 due mainly to decrease in real estate project under development which accordance to the increase in revenue from sale of real estate.

Total liabilities as of 30 June 2019 declined by THB 202.47 million or 7.66% from that as of 31 December 2018 due mainly to loan repayment of short-term loan and debenture during 2019.

Total shareholders' equity as of 30 June 2019 decreased by THB 3.91 million or 0.15% from that as of 31 December 2018 due mainly the Company's financial performance during the first half of the year ended 30 June 2019.

Please be informed accordingly.

Yours truly,

*-Mr. Wichien Paetthayanan-*

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Mr. Wichien Paetthayanan  
Chief Executive Officer