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Ref. LPN/SorKor/201/2563

6th August 2020

Re: Financial Statements Analysis Report Q2/2020

Dear: President

The Stock Exchange of Thailand

L.P.N. Development Public Co.,Ltd. would like to submit the financial statements in Q2/2020 of the Company and subsidiary companies to the Stock Exchange of Thailand as follows:

L.P.N. Development Public Co., Ltd. and subsidiary companies provide a full range of real estate development services. The emphasis is put on the quality of life of the residents in accordance with “Livable Community” strategy. In Q2/2020, COVID-19 pandemic has brought most economic activities to a halt. It is expected that COVID-19 will cause a global economic crisis which will be worse than that in 1997. In light of the situation, the Company does not sit back. The Board of Directors and executives have prepared a business continuity plan by focusing on enhancing the liquidity and increasing cash flow. Since real estate business requires a large amount of investment fund, the lack of liquidity and cash may lead to bankruptcy and construction halt like in 1997. Apart from increasing liquidity, the Company has also prepared a cost reduction plan by improving efficiency in all operational processes and adopting a hiring freeze policy. Moreover, the staff morale is boosted by announcing that there will be no “salary cut” or “staff layoffs” as employees are key to business operation and will help drive the organization through the crisis.

Report on sales performance

1. **New projects launched** : In Q2/2020, the Company has postponed the launch of new projects to Q4/2020 in response to the COVID - 19 pandemic.
2. **Sales volume** : The sales volume of the first 6 months of 2020 is 5.78 billion THB. The details are as follows:
 - 2.1 The sales volume of 66% or 3,820 million THB is from residential condominium projects i.e. 68% of Which or 2,580 million THB are from ready-to-move-in projects completed before 2020, 24% or 910 million THB are from projects launched in Q1/2020 and 8% or 330 million THB are from other projects.
 - 2.2 The sales volume of 34% or 1,960 million THB is from single house projects i.e. 42% or 820 million THB are from projects launched in Q1/2020, 33% or 650 million THB are from projects completed before 2020 and 25% or 490 million THB are from other projects.

3. Sales volume and backlog :

Accumulated sales volume during the first 6 months and backlog as of 30th June 2020

Unit: Million THB

<u>Sales Volume</u>	Q1	Q2	Cumulative 6 Months	<u>Backlog</u>	Handed Over in 2020	To Be Handed Over in 2021	Total
1. Residential condominium	1,870	1,950	3,820	1. Residential condominium	1,940	820	2,760
2. Single house	750	1,210	1,960	2. Single house	1,080	-	1,080
3. Total sales volume	2,620	3,160	5,780	3. Total backlog	3,020	820	3,840

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Performance in Q2/2020 and 2019

Consolidated Profit (Loss) Statement

The net profit of the Company and subsidiary companies has decreased 13.13% from the same period of the previous year. It is resulting from 10.24% decrease in income from sales as a consequence of COVID - 19 pandemic. The income from service business has also decreased 6.34% from the same period of the previous year. At the same time, the income from rental fee at Lumpini Township Rangsit - Klong 1 (Phase 3) has increased 43% from the same period of the previous year. The income from management fee has increased 2.67%.

Table 1: Main income proportion of the Company and subsidiary companies in Q2 and accumulated in the first 6 months of 2020 and 2019

Unit: Million THB

Type of Income	Q2/2020	Q2/2019	% Variance	Accumulated in the first 6 months of 2020	Accumulated in the first 6 months of 2019	% Variance
1. Income from Sale of Real Estate ¹	1,226.44	1,366.28	(10.24%)	2,720.36	3,859.34	(29.51%)
1.1 Residential condominium	839.40	701.41	19.67%	1,958.14	2,433.26	(19.53%)
Proportion (%)	68.44%	51.34%	17.10%	71.98%	63.05%	8.93%
1.2 Single house	387.04	664.87	(41.79%)	762.22	1,426.08	(46.55)
Proportion (%)	31.56%	48.66%	(17.10%)	28.02%	36.95%	(8.93%)
2. Income from Rental and Service Business	37.55	40.09	(6.34%)	94.50	80.15	17.90%
3. Income from Management Business	274.47	267.32	2.67%	544.51	524.45	3.82%
4. Total Main Income	1,538.45	1,673.70	(8.08%)	3,359.35	4,463.94	(24.74%)

Note ¹ 68% of the income from sales of real estate in Q2/2020 are income recognized from residential condominiums and 32% are from that recognized from single house projects. The details are as follows:

1. Residential condominiums: 47% are projects completed in 2018-2019 and 21% are those completed before 2018 and in Q1/2020.
2. Single house projects: 22% are projects completed in 2018 and 10% are those completed before 2018, 2019 and in Q1/2020.

Statement of Financial Position as of 30th June 2020 and 31st December 2019

Total assets

The total assets of the Company increases 1,367.87 million THB or 5.83% i.e. from 23,473.35 million THB to 24,841.22 million THB. The main reasons are as follows:

1. The amount of cash has increased 946.04 million THB or 188.72% from 2019 as a result of the liquidity reserve in preparation for the time of crisis.
2. The deposit for a plot of land on Charansanitwong Soi 22 road bought for project development is paid.
3. Other non - current assets increase 1,858.90 million THB or 52.62% i.e. from 3,532.87 million THB to 5,391.77 million THB. It is because the construction of 2 projects i.e. Lumpini Mixx Narathiwat - Ratchada and Lumpini Ville Chaengwattana 10 has been put off. There are also 2 more plots of land for project development in the future i.e. Lumpini Place Chaengwattana - Pakkret and Baan Lumpini project near Ladkrabang - Suvarnabhumi.

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Total liabilities

Total liabilities has increased 3,051.46 million THB or 29.58% i.e. from 10,314.25 million THB to 13,365.71 million THB. It is mainly the increase of loan for business operation from financial institutions of 3,294.66 million THB or 43.12% i.e. from 7,641.02 million THB to 10,935.68 million THB.

As a result of the above reasons, the interest bearing debt to equity ratio and the debt to equity ratio have increased from 0.58:1 to 0.95:1 and from 0.78:1 to 1.16:1 as of 31 December 2019 and 31st March 2020 respectively. In comparison with the same period of the previous year, the ratios have increased from 0.51:1 to 0.95:1 and 0.71:1 to 1.16:1 respectively.

Cash flow statement

As for the cash flow statement as of 30th June 2020 and 30th June 2019, the net cash flow increases 1,032.95 million THB or 2.5 times mainly because of the liquidity reserve in preparation for the time of crisis.

Important numbers in the financial statements Q2/2020 and 2019**Table 2: Profit/Loss Statement in Q2/2020 and 2019**

Number	Consolidated financial statements			Separate financial statements		
	Q2/2020	Q2/2019	% Variance	Q2/2020	Q2/2019	% Variance
1. Main income (million THB)	1,538.45	1,673.70	(8.08%)	1,053.73	1,116.05	(5.58%)
2. Gross profit from sale (%)	29.36	31.98	(2.62%)	26.18	28.40	(2.22%)
3. Gross profit from rental and service business (%)	26.47	34.20	(4.73%)	18.95	32.80	(13.85%)
4. Gross profit from management business (%)	36.63	35.81	0.82%	-	-	-
5. Gross profit from main income (million THB)	471.63	546.37	(13.68%)	273.15	318.77	(14.31%)
(%)	30.66	32.64	(1.98%)	25.92	28.56	(2.64%)
6. Expenses on sales (million THB)	76.21	134.60	(43.38%)	67.72	113.76	(40.47%)
(%)	4.95	8.04	(3.09%)	6.43	10.19	(3.76%)
7. Expenses on sales (million THB)	26.48	79.58	(66.73%)	25.89	69.59	(62.80%)
(excluding ownership transfer) (%)	1.72	4.75	(3.03%)	2.46	6.24	(3.78%)
8. Expenses on management (million THB)	192.36	223.09	(13.77%)	99.19	111.32	(10.90%)
(%)	12.50	13.33	(0.83%)	9.41	9.97	(0.56%)
9. Profit before interest and income tax (million THB)	226.76	224.01	1.23%	133.71	136.29	(1.89%)
(%)	14.74	13.38	1.36%	12.69	12.21	0.48%
10. Profit before tax (million THB)	196.95	223.55	(11.90%)	101.49	135.89	(25.31%)
(%)	12.80	13.36	(0.56%)	9.63	12.18	(2.55%)
11. Net profit (million THB)	153.53	176.74	(13.13%)	75.31	110.54	(31.87%)
(%)	9.98	10.56	(0.58%)	7.15	9.90	(2.75%)
12. Net profit per share (THB)	0.11	0.12	(13.11%)	0.05	0.08	(30.67%)
13. Book value per share (THB)	7.89	8.73	(9.62%)	7.21	8.19	(11.97%)

After revision

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Table 3: Statement of financial position as of 30th June 2020 and 31st December 2019

Unit: Million THB

Number	Consolidated financial statements			Separate financial statement		
	as of 30 Jun 20	as of 31Dec19	% Variance	as of 30Jun20	as of 31Dec19	% Variance
1. Cash and cash equivalent	1,447.34	501.30	188.72%	1,274.77	374.41	24.05%
2. Trade debtors and other debtors	350.16	326.16	7.36%	199.20	192.67	18.86%
3. Land and project costs during construction	8,683.05	9,614.33	(9.69%)	7,019.19	7,817.35	(10.21%)
4. Backlog	8,849.91	9,429.68	(6.15%)	8,584.79	9,089.96	(5.56%)
5. Other current assets ^{Note 1}	119.00	69.00	72.46%	364.00	725.00	(49.79%)
6. Non-current assets ^{Note 2}	5,391.77	3,532.87	52.62%	5,741.58	3,784.81	51.70%
7. Total assets	24,841.22	23,473.35	5.83%	23,183.52	21,984.19	5.46%
8. Overdraft and short-term loan	6,811.57	3,475.64	95.98%	6,574.23	3,346.69	96.44%
9. Trade account payable and other creditors	1,636.16	1,844.87	(11.31%)	1,427.50	1,623.76	(12.09%)
10. Long-term loan	4,124.11	4,165.38	(0.99%)	4,185.72	4,163.80	0.53%
11. Overdue corporate income tax	73.30	123.80	(40.79%)	48.89	118.76	(58.83%)
12. Non-current liabilities ^{Note 3}	720.58	704.56	2.27%	458.63	455.02	0.79%
13. Total liabilities	13,365.71	10,314.25	29.58%	12,694.97	9,708.03	30.77%
14. Shareholders' equity	11,475.51	13,159.10	(12.79%)	10,488.55	12,276.16	(14.56%)

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.

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Table 4: Financial Ratio in Q2/2020 and 2019

Unit: Million THB

Item	Unit	Q2		Item	Unit	Q2	
		2020	2019			2020	2019
<u>Liquidity Ratio</u>				9. Net Profit	%	9.98	10.56
1. Current Ratio	Time	2.28	3.55	10. Sales to Equity Ratio	%	10.69	10.73
2. Quick Ratio	Time	0.22	0.21	<u>Asset Management Ratio</u>			
3. Collection Period	Day	6.05	11.02	11. Return on Assets	%	0.64	0.82
4. Inventory Turnover Ratio	Day	862.04	1,453.72	12. Return on Fixed Assets	%	7.78	10.67
5. Payment Period	Day	88.36	77.05	13. Asset Growth Rate	%	5.83	2.64
<u>Profitability Ratio</u>				14. Liabilities Growth Rate	%	29.58	8.74
6. Gross Profit Margin from Sales	%	29.36	31.98	<u>Financial Ratio</u>			
7. Gross Profit Margin from Rent	%	29.47	34.20	15. D/E Ratio	Time	1.16	0.71
8. Gross Profit Margin from Management	%	36.63	35.81	16. Interest Bearing D/E Ratio	Time	0.95	0.51

After revision

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak

Chief Executive Officer and Managing Director