

Translation

SC-L 117/2019

May 13, 2019

Subject: Management Discussion and Analysis Quarter 1 Ending March 31, 2019

To: The President of the Stock Exchange of Thailand

The Board of Directors' Meeting of SC Asset Corporation Public Company Limited (the Company) No.3/2019, held on May 13, 2019, approved the financial statements for the first quarter ending March 31, 2019.

The Company has adopted the new Thai Financial Reporting Standards (TFRS) no. 15 in regard to the Revenue from Contracts with Customers ("TFRS 15") from 1 January 2019. The adoption of TFRS 15 mainly affects the Company's accounting treatment on the revenue recognition from sales and the incremental costs recognition of obtaining the contract with a customer. The Company retrospectively restated its financial statement for the first quarter of Year 2018 presented herein for comparative purpose in accordance with the change of accounting standard.

Accordingly, the Company would like to submit the reviewed financial statements and also clarify material information in their statements of comprehensive income are as follows:

Unit : Million Baht

Consolidated financial information	For the first quarter of Year		Difference	
	2019	2018	Amount	%
Operating revenues	3,181.55	2,668.44	513.11	19.23
Operating cost	2,097.68	1,734.08	363.60	20.97
Gross profit	1,083.87	934.35	149.52	16.00
Selling expenses	245.56	229.50	16.06	7.00
Administrative expenses	409.80	364.44	45.36	12.45
Finance costs	27.99	13.05	14.94	114.48
Income tax expense	89.69	69.45	20.24	29.14
Profit attributable to owners of the parent	315.18	262.79	52.39	19.94
Basic and diluted earnings per share (Baht)	0.0754	0.0629	0.0125	19.87

1. Operating revenues

- Operating revenues for the first quarter of Year 2019 and 2018 were Baht 3,181.55 million and Baht 2,668.44 million respectively increased by Baht 513.11 million or 19.23%.

Changes were as follows:

Unit : Million Baht

Operating revenues	For the first quarter of Year		Difference	
	2019	2018	Amount	%
Revenue from sales	2,961.12	2,460.56	500.56	20.34
Revenue from rental and rendering services	198.28	207.61	(9.33)	(4.49)
Revenue from consulting and management services	22.15	0.27	21.88	8,103.70
Total operating revenues	3,181.55	2,668.44	513.11	19.23

The increase of operating revenues derived from the revenue from sales because the Company has launched more projects, provided the revenue derived from low rise projects and high rise projects were as follows:

Unit : Million Baht

Revenue from sales	For the first quarter of Year		Difference	
	2019	2018	Amount	%
Low rise projects	2,552.55	2,180.22	372.33	17.08
High rise projects	408.57	280.34	128.23	45.74
Total revenue from sales	2,961.12	2,460.56	500.56	20.34

2. Operating Cost

Unit : Million Baht

Operating cost	For the first quarter of Year		Difference	
	2019	2018	Amount	%
Cost of sales	2,014.31	1,654.93	359.38	21.72
Cost of rental and rendering services	77.87	78.93	(1.06)	(1.34)
Cost of consulting and management services	5.50	0.22	5.28	2,400.00
Total operating cost	2,097.68	1,734.08	363.60	20.97

- Operating cost for the first quarter of Year 2019 increased compared to the first quarter of Year 2018 as a result of increasing of the cost of sales which corresponding with the increase of revenue from sales as described in clause 1.

3. Finance costs

- Finance costs for the first quarter of Year 2019 and 2018 were Baht 27.99 million and Baht 13.05 million respectively increased by Baht 14.94 million, equivalent to 114.48%. This was because of the completion of condominium projects construction in the first quarter of Year 2019, therefore the finance costs of such projects were recorded as interest expenses. Meanwhile, in the first quarter of Year 2018, the condominium projects were under construction, the finance costs of the projects were recorded as real estate development cost.

4. Income tax expense

- Income tax expense for the first quarter of Year 2019 and 2018 were Baht 89.69 million and Baht 69.45 million respectively. The income tax expense increased compared to the previous year in the amount of Baht 20.24 million, equivalent to 29.14% due to increasing of operating profit.

5. Profit for the period

- Profit attributable to owners of the parent for the first quarter of Year 2019 and 2018 were Baht 315.18 million and Baht 262.79 million respectively. The profit for the period increased compared to the previous year in the amount of Baht 52.39 million, equivalent to 19.94% due to increasing of operating revenues as described above.

Please be informed accordingly.

Sincerely yours,

-Signed-

Mr.Attapol Sariddipuntawat

Chief Corporate Officer

SC Asset Corporation Public Company Limited