

Translation

SC-L 143 / 2019

August 9, 2019

Subject: Management Discussion and Analysis Quarter 2 Ending June 30, 2019

To: President of The Stock Exchange of Thailand

The Board of Directors' Meeting of SC Asset Corporation Public Company Limited (the Company) No.5/2019, held on August 9, 2019, approved the financial statements for the second quarter ending June 30, 2019.

The Company would like to submit the reviewed financial statements as well as explanation of the changes of net profit as follows:

Unit : Million baht

Consolidated financial information	Quarter 2			For the six-month periods		
	2019	2018	% Change	2019	2018	% Change
Operating revenues	3,496.43	3,919.14	(11%)	6,677.98	6,587.58	1%
Gross profit	1,119.52	1,287.21	(13%)	2,203.39	2,221.57	(1%)
Administrative expenses	452.50	393.06	15%	862.30	757.50	14%
Finance costs	26.11	21.12	24%	54.09	34.18	58%
Income tax expense	80.74	123.53	(35%)	170.42	192.97	(12%)
Profit for the period attributable to owners of the parent	282.88	450.50	(37%)	598.06	713.29	(16%)
Basic/ Diluted earnings per share (Baht)	0.0677	0.1078	(37%)	0.1431	0.1707	(16%)

1. Operating revenues

Operating revenues for the second quarter of Year 2019 and 2018 were Baht 3,496.43 million and Baht 3,919.14 million respectively which decreased by Baht 422.71 million or 11% due to

Unit : Million Baht

Operating revenues	Quarter 2		Change	
	2019	2018	Amount	%
Revenue from sales	3,275.09	3,708.10	(433.01)	(12%)
Revenue from rental and rendering services	198.88	210.77	(11.89)	(6%)
Revenue from consulting and management services	22.46	0.27	22.19	8,219%
Total operating revenues	3,496.43	3,919.14	(422.71)	(11%)

The decrease of operating revenues was mainly from the decrease of revenue derived from sales.

Details are as follows:

Unit : Million Baht

Revenue from sales	Quarter 2		Change	
	2019	2018	Amount	%
Low-rise projects	2,650.46	2,306.62	343.84	15%
High-rise projects	624.63	1,401.48	(776.85)	(55%)
Total revenue from sales	3,275.09	3,708.10	(433.01)	(12%)

For the six-month periods ended June 30, 2019 and 2018, the operating revenue were Baht 6,677.98 million and Baht 6,587.58 million respectively, which increased by Baht 90.40 million or 1%. The changes were as follows:

Unit : Million Baht

Operating revenues	For the six-month periods		Change	
	2019	2018	Amount	%
Revenue from sales	6,236.21	6,168.66	67.55	1%
Revenue from rental and rendering services	397.17	418.37	(21.20)	(5%)
Revenue from consulting and management services	44.60	0.55	44.05	8,009%
Total operating revenues	6,677.98	6,587.58	90.40	1%

The operating revenue increased due to the increase of revenue derived from sales, details are as follows:

Unit : Million Baht

Revenue from sales	For the six-month periods		Change	
	2019	2018	Amount	%
Low-rise projects	5,201.89	4,486.84	715.05	16%
High -rise projects	1,034.32	1,681.82	(647.50)	(38%)
Total revenue from sales	6,236.21	6,168.66	67.55	1%

Revenue from high-rise projects for the second quarter of Year 2019 and for the six-month period ended June 30, 2019 decreased from the same period of the previous year. The decrease of unit sold was due to the impact of the LTV measure which was effectively in the second quarter this year. However, revenue from low-rise projects for the second quarter of Year 2019 and for the six-month period ended June 30, 2019 increased from the same period of the previous year.

2. Administrative expenses

Administrative expenses for the second quarter of Year 2019 and for the six-month period ended June 30, 2019 increased from the same period of the previous year by Baht 59.44 million and Baht 104.80 million respectively due to increase of the number of projects as well as employee benefit obligation in response of the amendment bill to the Labour Protection Law which became effective in May 2019. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 days of the employee's latest wage rate to 400 days of the employee's latest wage rate.

3. Finance costs

Finance costs for the second quarter of Year 2019 and for the six-month period ended June 30, 2019 increased from the same period of the previous year by Baht 4.99 million and Baht 19.91 million respectively. This was because of the completion of condominium projects construction in the Year 2019, therefore the finance costs of such projects were recorded as interest expenses. Meanwhile, in the same period of the Year 2018, the condominium projects were under construction, the finance costs of the projects were recorded as real estate development cost.

4. Profit for the period

Profit attributable to owners of the parent for the second quarter of Year 2019 and for the six-month period ended June 30, 2019 decreased from the same period of the previous year by Baht 167.62 million and Baht 115.23 million respectively due to decreasing of revenue derived from high-rise projects as well as gross profit margin while administrative expenses had increased as described above.

Please be informed accordingly.

Sincerely yours,

-Signed-

Mr.Attapol Sariddipuntawat

Chief Corporate Officer

SC Asset Corporation Public Company Limited