

ARIN 002/2020

 February 27th, 2020

Subject : Management Discussion and Analysis for the year ended 31 December 2019, which had changed more than 20% of the previous year.

To : President
 The Stock Exchange of Thailand

Arinsiri Land Public Company Limited (the "Company") would like to inform the Company's operating performance for the year 2019 as follows:

unit: Million Baht

For the year ended 31 December

Items	2019		2018		Changes	
	Amount	%	Amount	%	Amount	%
Revenues from sales of real estate	155.71	100.00	380.14	100.00	(224.43)	(59.04)
Cost of sales	(109.78)	(70.50)	(260.76)	(68.60)	(150.98)	(57.90)
Gross profit	45.93	29.50	119.38	31.40	(73.45)	(61.53)
Other income	6.48	4.16	1.89	0.50	4.59	242.86
Profit before expenses, financial cost, and taxes	52.41	33.66	121.27	31.90	(68.86)	(56.78)
Selling expenses	(12.01)	(7.71)	(20.72)	(5.45)	(8.71)	(42.04)
Administrative expenses	(39.14)	(25.14)	(51.20)	(13.47)	(12.06)	(23.55)
Profit (loss) before financial cost, and taxes	1.26	0.81	49.35	12.98	(48.09)	(97.45)
Financial costs	(20.35)	(13.07)	(16.54)	(4.35)	3.81	23.04
Profit (loss) before taxes	(19.09)	(12.26)	32.81	8.63	(51.90)	(158.18)
Tax expense (revenue)	4.97	3.19	(6.76)	(1.78)	11.73	173.52
Net profit (loss)	(14.12)	(9.07)	26.05	6.85	(40.17)	(154.20)

1. Total Revenues

For the year 2019, the Company had revenue from sales of real estate equal to Baht 155.71 million, decreased in the amount of Baht 224.43 million or 59.04% compared to the previous year. The Arinsiri Sport Village Phase 1 project has been reduced due to the gradual transfer of ownership from 2016-2018, consist of Arinsiri Sport Village in the Phase 2 project, Arinsiri Country Hill project and Arinsiri Privacy project were decrease in accordance with the real estate market situation and declining of visitors, together with the effect from Bank of Thailand policy for housing loan which customers were in the process of requesting and considering loans from financial institutions and causing inability to transfer ownership as scheduled. However, the Company was aware of the strictness in the credit review process of financial institutions in the present. Therefore, the Company has assigned the sales department to provide closely advice in preparation stage of loan requesting from financial institutions to customers, in order to facilitate customers and financial institutions for speeding up credit approval process, in addition, in 2019, the company has an effect from adopted the financial reporting standard No.15 causing revenue decrease amount of Baht 20.62 million.

For the year 2019, the Company had the other incomes equal to Baht 6.48 million, increased in the amount of Baht 4.59 million or 242.86% compared to the previous year. The increase mostly caused by the Company had begun to recognize revenue from the rental of land, clubhouse building, swimming pool, pitches, which were the investment properties of the Company in the amount of Baht 5.36 million.

2. Cost of sales of sales and expenses

2.1 Cost of sales of real estate for the year 2019 was equal to Baht 109.78 million, decreased in the amount of Baht 150.98 million or representing with 57.90% compared to the previous year, due to lower income from the transfer of ownership and effect from adopted the financial reporting standard No.15. The cost of sales is reduced directly according to the income. The cost of sales from ownership transferring to customers of Arinsiri Sport Village Project on townhome was amounting of Baht 1.42 million or 1.29%. The cost of sales from ownership transferring to customers of Arinsiri Sports Village Phase 2 project on the single house and twin house was amounting of Baht 14.95 million or representing with 13.62% and amount of Baht 10.09 million or representing with 9.19%, respectively. The cost of sales from ownership transferring to customers of Arinsiri Country Hill Project on townhome was amounting of Baht 48.09 million or 43.81%. The cost of sales from ownership transferring to customers of Arinsiri Privacy Project on twin house was amounting of Baht 35.23 million or representing with 32.09%.

2.2 Selling expenses for the year 2019 was equal to Baht 12.01 million, decreased in the amount of Baht 8.71 million or representing with 42.04% compared to the previous year, mainly due to lower advertising & sales promotion expenses and special business tax & ownership transfer fees in the amount of Baht 3.02 million and Baht 6.63 million, respectively.

2.3 Administrative expenses for the year 2019 was equal to Baht 39.14 million, decreasing in the amount of Baht 12.06 million or 23.55% compared to the previous year, mainly because the Company had not estimated the bonus expenses for the end of 2019, resulting in a decrease in Administrative expenses in the year 2019. Also, due to the decrease from the reclassification of the depreciation expenses of the land and building improvement of the clubhouse building located in the Arinsiri Sports Village project, which was completely constructed, and the Company has a proprietary right to the property. The Company had reclassified the depreciation expenses to cost of service for the rental of land, clubhouse building, swimming pool, pitches, which are the investment properties of the Company, resulting in the increase in other expenses. It mostly caused by the Company has begun to recognize the cost of service for the rental of land, clubhouse building, swimming pool, pitches, which were the investment properties of the Company in the amount of Baht 3.31 million.

3. Financial costs

Financial costs for the year 2019 was Baht 20.35 million, increasing by Baht 3.81 million, or 23.04% compared to the previous year, mainly due to the increase in interest expenses and fees associated with the issuance and offering of name-registered unsubordinated debentures on December 14th, 2018.

4. Net profit (loss)

For the year 2019, the Company had a net loss amounted of Baht 14.12 million from the above mentioned causes.

5. Statement of financial position

Items	As at 31 December 2019	As at 31 December 2018	Changes	
	Million Baht	Million Baht	Million Baht	%
Trade and other current receivables	8.66	14.14	(5.48)	(38.76)
Inventories	791.05	626.89	164.16	26.19
Property, plant and equipment, Net	16.24	18.20	(1.96)	(10.77)
Other assets	200.78	241.25	(40.47)	(16.78)
Bank overdrafts from financial institution	14.96	9.83	5.13	52.19
Trade and other current payables	85.18	118.23	(33.05)	(27.95)
Current portion of long – term liabilities	333.90	383.30	(49.40)	(12.89)
Long – term borrowings	7.97	8.90	(0.93)	(10.45)
Other liabilities	95.21	118.37	(23.16)	(19.57)
Total shareholders' equity	479.51	261.85	217.66	83.12

As at December 31st, 2019, the Company had trade and other current receivables decreased in the amount of Baht 5.48 million or equal to 38.76% compared to the year-end 2018, mainly due to the decrease of expenses incurred from offering the Initial Public Offering (IPO).

The Company had inventories increased in the amount of Baht 164.16 million or equal to 26.19% compare to the year-end 2018, mainly due to the Company has developed and constructed the Arinsiri mountain Arinsiri beach@Ban Chang Arinsiri campus and Arinsiri Country Hill2, which increased the inventories in the amount of Baht 4.91 million, Baht 4.27 million, Baht 48.82 million and Baht 162 million respectively.

The Company had net of property, plant and equipment decreased in the amount of Baht 1.96 million or equal to 10.77% compare to the year-end 2018, mainly due to the increase of depreciation amounted to Baht 2.51 million.

The Company had other assets decreased in the amount of Baht 40.47 million or equal to 16.78% compare to the year-end 2018, mainly due to the Company transferred land held for development to inventory in the amount of Baht 48.26 million.

The Company had bank overdrafts from financial institution increased in the amount of Baht 5.13 million or equal to 52.19% compare to the year-end 2018.

The Company had trade and other current payables decreased in the amount of Baht 33.05 million or equal to 27.95% compare to the year-end 2018, mainly due to the Company has paid to trade payables on the constructors cause decrease trade payables on the constructors.

Considering the total loans form the financial institutions of the Company, the Company had decreased current portion of long-term liabilities and long-term borrowings in the total amount of Baht 50.33 million, mainly due to the sales and units' ownership transferring. This caused the Company to be able to repay loans to the financial institutions according to the terms of loan agreement which the repayment must be paid in the specific percentage of sale price of each ownership transferred unit.

The Company had other liabilities decreased in the amount of Baht 23.16 million or equal to 19.57% compare to the year-end 2018, mainly due to the Company had repayment debenture amount of Baht 100 million and increase short-term loan amount of Baht 75 million.

The Company had increased Shareholders' equity in the amount of Baht 217.66 million compare to the year-end 2018, which mainly due to the Company offering the Initial Public Offering (IPO) in July 2019.

Please be informed accordingly

Yours sincerely

ARINSIRI

RIGHT BY YOUR SIDE

Miss Wimonjit Arintamapong
Managing Director