



November 14, 2017

Subject : Clarification of the 3rd Quarter Operating Result

To : President
The Stock Exchange of Thailand

As per Charn Issara Development Public Company Limited (the Company) submitted the consolidated and separate financial statements for the third quarter ended September 30, 2017 of the Company which were reviewed by external auditor, the Company would like to clarify a change of more than 20% in the operating result as follows.

The Operating Result of the 3rd Quarter 2017

(million baht)

Consolidated financial statement	3Q 2016	3Q 2017	Increase (decrease)	
			Amount	%
Revenue	336.8	574.8	237.9	70.6
Share of profit of associates	11.3	15.9	4.6	40.5
Cost and expenses	430.2	612.3	182.1	42.3
Net profit (loss) – Equity holders of the Company	(68.3)	(30.1)	38.2	55.9

In the third quarter of 2017, the Company had a net loss – Equity holders of the company of 30.1 Million Baht, a decrease of 38.2 Million Baht or a decrease by 55.9% from the same period last year.

Revenue : The Company had a total revenue of 574.8 Million Baht, an increase of 237.9 Million Baht or an increase by 70.6% when compared with total revenue in the same period last year. Major factors were an increase in property sales with 209.7 Million Baht which represented an increase by 116%; and other earning which rose 19.3 Million Baht, accounting for an increase of 143.8%. The other earning was from revenue from consulting fee for the Hainan Project in China. Revenue from property sales remained main revenue of the Company and its subsidiaries which accounted for 68% of the Company's total revenue. The Company is also opening 2 new hotels in the fourth quarter and the Company's revenue from hotel business will increase from the new hotels in the future.

Share of Profit of Associates : The amount was 15.9 Million Baht which rose by 40.4%. It was from share of profit of Bangkok Commercial Property Fund and Sri Panwa Hotel Real Estate Investment Trust.

Cost and Expenses : In the third quarter of 2017, the Company had total cost of 396.1 Million Baht which represented 68.9% of total revenue, down by 4.5% from the same period last year (in the third quarter of 2016, it was 73.6%). This represented that the Company's cost control and management improved.

Selling, General and Administrative Expenses : In the third quarter of 2017, the Company's selling, general and administrative expenses accounted for 32% of total revenue, a decline of 15% from the same period last year (in the third quarter of 2016, it was 47%). An increase in selling expenses was caused by an increase in revenue from property sales which had higher expenses from specific business tax and transfer fee. The increase in selling expenses was in accordance with the increase in revenue. An increase in general and administrative expenses was from operating expenses and workforce preparedness for an opening in October 2017 of the Company's 2 new hotels comprising Baba Beach Club Phuket and Baba Beach Club Hua Hin-Cha-am.

Financial Expenses : The Company's financial expenses totalled 26.6 Million Baht, a decrease of 0.5 Million Baht or a decrease by 1.8% due to the Company's loan repayments for projects and property transfers consecutively.

Statements of Financial Position as of September 2017

(million baht)

Consolidated financial statement	Dec 2016	Sep2017	Increase (decrease)	
			Amount	%
Total assets	7,328.3	7,532.8	204.6	2.8
Total liabilities	5,039.8	5,182.5	142.8	2.8
Equity	2,288.5	2,350.3	61.8	2.7

Total Assets

The Company had total assets of 7,532.8 Million Baht as of September 2017, an increase of 204.6 Million Baht from December 2016 (7,328.3 Million Baht) which accounted for an increase by 2.8%. The significant changes comprised:

- Lands, buildings and equipments rose 427 Million Baht. The majority was assets from constructions and decorations at the 2 hotels including Baba Beach Club Phuket and Baba Beach Club Hua Hin-Cha-am which were operated in October 2017.
- Costs of property development projects for sales rose 99 Million Baht.

Total Liabilities

The Company had total liabilities of 5,182.5 Million Baht as of September 2017, an increase of 142.8 Million Baht from December 2016 (5,039.8 Million Baht) which accounted for an increase by 2.8% due to an increase in unearned revenue from property for sales at projects which were under construction.

Liquidity Analysis

Consolidated financial statement	3Q 2016	3Q 2017
Net cash provided from (used in) operating activities	(352.8)	(426.9)
Net cash provided from (used in) investing activities	(178.7)	(91.7)
Net cash provided from (used in) financing activities	356.1	266.2
Net cash and cash equivalents increase (decrease)	(175.5)	(252.4)
Net cash and cash equivalents – ending balance	125.7	449.3

Cashflow from Operating Activities

The Company had cashflow of 426.9 Million Baht used in operating activities in the third quarter 2017, an increase of 74.1 Million Baht or an increase by 21.01% when compared with the same period of 2016 as cash was used in operating activities of property business and payment for projects which were under construction as well as unearned revenue from property for sales rose.

Cashflow from Investing Activities

The Company had cashflow of 91.7 Million Baht used in investing activities in the third quarter of 2017, a decrease of 87 Million Baht or a decrease by 48.6% when compared with the same period of 2016 as construction of the 2 new hotels was nearly completed and they were prepared to operate within 2017. Thus, the Company had an increase in cash payment for investing in buildings and equipments.

Cashflow from Financing Activities

The Company had cashflow of 266.2 Million Baht provided from financing activities in the third quarter of 2017, a decrease of 89.9 Million Baht or a decrease by 25.2% when compared with the same period of 2016. The main reason was repayment for long-term loans to financial institutions as many projects had property transfers consecutively.

Please be informed accordingly.

Yours Sincerely

(Mr. Songkran Issara)

Chief Executive Officer and Managing Director

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