

Management Discussion and Analysis

Performance Overview

Richy Place 2002 Public Company Limited (the Company) has operated the real estate development in the types of residences by focusing on developing potential areas and locations near communities, especially condominium along the electric train and community areas. The Company's main revenues derive from sales of house and land, condominium, both horizontal and vertical. The Company had completely developed 7 projects in the past, consisting of 1) Richy Ville @Bangbuathong project, 2) Richy Tower @Petchkasem-Sathorn project, 3) Le Rich @Rama 3 project, 4) Le Rich @Rachada-Sutthisarn project, 5) Le Rich @Aree Station project, 6) Rich Park @ Bangson Station project, and 7) Rich Park @ Taopoon Interchange project. Currently, the Company has 9 ongoing projects under construction which are 1) The Rich Biz Home @Sukhumvit 105 project, 2) Rich Park @Chaophraya project, 3) Rich Ville @Rachaphruek project, 4) The Rich Sathorn-Taksin project, 5) Rich Park @Triple Station, 6) The Rich @Nana, 7) Rich Park Loft @Laksi, 8) Le Viman, and 9) The Edge Collection.

Since 2011 onwards, the Company has recognized revenues from sales of real estate when the ownership has been transferred to the buyer after completing the payment and the costs of construction is recorded after completely transferring the ownership. For the property projects under construction, the cost of construction and other related expenditures will be recorded in asset costs of real estate development for sales until such projects are completed and already transferred to the buyer, then the Company shall recognize revenues of such items as mentioned items.

Analysis of the Company's performance - Revenues

The Company's revenues are consisted of revenues from sales of real estates, interests, and other incomes. Major revenues are derive from sales of real estates. Ratio of revenue categories are described as follows:

Table of Revenue Structure

	Audited Financial Statements as of December 31					
	2014 (audited)		2015 (audited)		2016 (audited)	
	(MB)	%	(MB)	%	(MB)	%
Revenues from Sales of Properties	1,228.66	99.14	507.48	98.75	553.18	97.35
Other Incomes	10.72	0.86	6.44	1.25	15.06	2.65
Total Revenues	1,239.38	100.00	513.92	100.00	568.24	100.00

Revenues from Sales of Properties

During 2014-2016, the revenues from sales of properties were recorded at Baht 1,228.66 million, Baht 507.48 million and Baht 553.18 million or representing 99.14%, 98.75%, and 97.35% of total revenues respectively

In 2015, the Company earned revenues from sales of properties at Baht 507.48 million, a decrease of Baht 721.18 million, or 58.70%, from 2014. This resulted from Rich Park @Chaophraya project, under the construction, which was 95.24% of the construction process. Therefore, the volume of ownership transfer for revenue recognition from Rich Park @Chaophraya project was not achieved the target.

In 2016, the Company had revenues from sales of properties at the amount of Baht 553.18 million, an increase of Baht 45.70 million, or 9.01%, from 2015. This resulted from the completeness and ownership transfer of Rich Park @Chaophraya project, and revenue recognition in 2016.

Table of Revenues from the Sales of Properties Classified on Projects

	Financial Statements (Audited)					
	2014		2015		2016	
	Amount (MB)	Ratio (%)	Amount (MB)	Ratio (%)	Amount (MB)	Ratio (%)
<u>Revenues from sales of properties</u>						
Condominium						
- Le Rich @Rama 3	25.30	2.04	11.86	2.31	6.20	1.09
- Le Rich @Ratchada-Sutthisarn	27.49	2.22	-	-	-	-
- Le Rich @Aree Station	16.14	1.30	-	-	-	-
- Rich Park @Bangson Station	88.39	7.13	49.27	9.59	72.24	12.71
- Rich Park @Taopoon Interchange	958.62	77.35	305.58	59.46	90.53	15.93
- Rich Park @Chaothaya	-	-	75.14	14.62	293.17	51.60
Townhomes						
- The Rich Ville @Ratchaphruek	-	-	7.29	1.42	35.85	6.31
- The Rich Biz Home @Sukhumvit 105	112.72	9.09	58.34	11.35	55.19	9.71
Total revenues from sales of properties	1,228.66	99.14	507.48	98.75	553.18	97.35
Other incomes ^{1/}	10.72	0.85	6.44	1.25	15.06	2.65
Total revenues	1,239.38	100.00	513.92	100.00	568.24	100.00

Remark : ^{1/} Other incomes are revenues from a breach of contract, the changes of transfer contract, rental income, etc.

Other Incomes

Other incomes are consisted of incomes from water-electricity meter installation, incomes from breach of contract, changes of the transfer contract, rental incomes etc. Incomes from breach of contract are deposits, contract fee, and down payments which customers have already paid and recognized as revenues due to contract termination, or the customers have not completed with the contract terms and conditions which in turn caused the cancellation of contract. In addition, incomes from breach of contract can occur when customers do not complete the property transfer procedure within the specified period and there are no further arguments from the customers. During 2014-2016, the Company recognized other incomes at the amount of Baht 10.72 million, Baht 6.44 million and Baht 15.06 million or equivalent to 0.85%, 1.25%, and 2.65% of the total revenues, respectively.

In 2016, the Company had other incomes at the amount of Baht 15.06 million, an increase of Baht 8.62 million or 133.85% compared with the year of 2015, resulting from the increase of revenues from the breach of contract.

Table of Other Incomes

No.	Detail	2014		2015		2016	
		MB	%	MB	%	MB	%
1	Incomes from water-electric meter installation	0.65	6.07	0.24	3.73	0.26	1.72
2	Incomes from contract changes	0.77	7.19	0.06	0.93	0.64	4.25
3	Incomes from breach of contract	4.74	44.26	2.71	42.08	8.07	53.58
4	Different yield from the units (rental room)	(0.21)	(1.96)	(0.03)	(0.46)	0.00	0.00
5.	Interests	0.12	1.12	0.10	1.55	0.08	0.50
6.	Miscellaneous	4.65	43.32	3.36	52.17	6.01	39.95
Grand Total		10.72	100.00	6.44	100.00	15.06	100.00

Total Revenues

The Company had total revenues during 2014 — 2016 at the amount of Baht 1,239.38 million, Baht 513.92 million, and Baht 568.24 million, respectively.

In 2014, the Company had higher amount of total revenues of Baht 33.46 million, from 2013, or an increase of 2.77%, resulting from an increase of revenue recognition from Rich Park @Taopoon Interchange project at 77.35% of the total revenues. Therefore, the total revenues of this year were higher than the previous year and be from the profit generated on investing on securities.

In 2015, the Company had lower amount of total revenues of Baht 725.46 million, from 2014, or decrease of 58.53 %, resulting from decrease of revenues from sales of properties at the amount of Baht 721.18 million, or 58.70% compared with the previous year.

In 2016, the Company had higher amount of total revenues of Baht 54.32 million, from 2015, or an increase of 10.57 %, resulting from an increase of revenues from sales of properties at the amount of Baht 45.70 million, or increase of 9.01% compared with the previous year.

Cost of Sales of Real Estate

Costs of sales of real estate are the costs of real estate development while the project is developed, which is recognized as the costs in the profit and loss statements and recorded to be the revenue recognition from sales of real estate, consisting of costs of sales, salary and welfares expenses of the construction department, utilities expenditures etc

In 2014-2016, the Company had costs of real estate sales with value at Baht 761.98 million, Baht 337.4 million and Baht 359.04 million respectively, representing the ratio of costs of real estate sales per revenues from real estate sales equal to 62.01%, 66.50%, and 64.91% respectively. It resulted of the cost of Rich Park @Chaophraya project, which the ownership transfer fees in 2016 were much and the cost of construction materials and the costs of expert labors were highly adjusted.

In 2014, the Company had the cost of sales of real estate decreased from 2013, which equaled to Baht 2.73 million or representing 0.35%. It resulted of the efficient cost management and the control of construction budget as planned.

In 2015, the Company had the cost of sales of real estate decreased from 2014, which equaled to Baht 424.50 million or representing 55.71% compared to 2014 resulted from the decrease of revenues from sales of property so that the cost was reduced. In 2016, the Company had the cost of sales of real estate increased from 2015, which equaled to Baht 21.57 million or representing 6.39%. It resulted of the high cost of Rich Park @Chaophraya project, which transferred the ownership in 2016, as well as the cost of construction materials and expert labor cost were highly adjusted.

Table of Cost of Sales of Real Estate

Cost of Sales of Real Estate	2014		2015		2016	
	MB	%	MB	%	MB	%
Cost of sales	757.08	99.36	330.03	97.80	354.95	98.86
Salary and welfares of the construction department	3.00	0.39	5.54	1.64	2.15	0.60
Utilities expenditures	0.35	0.05	0.45	0.13	0.45	0.13
Miscellaneous	1.55	0.20	1.45	0.43	1.49	0.41
Total costs of sales of real estate	761.98	100.00	337.47	100.00	359.04	100.00
Ratio of costs of sales of real estate to the ratio of revenues from sales		62.01		66.50		64.91

Sales Expenditures

Sales expenditures consist of salary of salesman, commission fees, project management expenses, sales promotion expenses, specific business taxes, ownership transfer fees, common fees and sales operating expenses. Commission fees are money the Company pays to salesman and other employees based on the Company's total sales volume which will be paid on a quarterly basis. Project management expenses are fees from selling the Company's project paid to the project's sales agent. In addition, sales promotion expenses are comprised of advertising fees and booth activity expenses. Common fees are expenditures the Company pays for the fees of central areas for unsold units to the juristic of such condominium. Other sales operating expenses are signboard taxes and office expenditures as well as other consumables etc.

The Company recorded sales expenditures, during 2014-2016, equivalent to Baht 102.71 million, Baht 72.70 million and Baht 129.04 million respectively or representing the ratio of sales expenditures to the revenues from sales of real estate at 8.36%, 14.33%, and 23.30%, respectively.

In 2014, the Company's sales expenditures were reported at Baht 102.71 million, a decrease of Baht 0.13 million, or 0.13% from 2013. This resulted of the control of expenditure budget as annual planned so that the ratio of sales expenditures were decreased when compared with the previous year.

In 2015, the Company's sales expenditures were decreased to Baht 30.01 million, or 29.22% from 2014. This resulted of the decrease of advertising fees, taxes, ownership transfer fees compared with the previous year.

In 2016, the Company's sales expenditures were increased to Baht 56.34 million, or 77.50% from 2015. The major factor was from the launches of new project so that other expenditures were charged. The advertising and branding fees were increased to Baht 14 million and the sales management fees were also increased to Baht 16 million.

Table of Sales Expenditures

Cost of Sales of Real Estate	2014		2015		2016	
	MB	%	MB	%	MB	%
Salary and welfares of salesman	6.96	6.78	6.97	9.59	10.41	8.06
Utilities expenses from sales	1.03	1.00	1.08	1.49	1.47	1.14
Tax and business fees (sales)	9.62	9.36	0.31	0.43	3.08	2.39
Specific business taxes	39.11	38.08	16.26	22.37	17.93	13.90
Commission fees	3.47	3.38	3.97	5.46	3.33	2.58
Sales promotion expenses	2.27	2.21	2.66	3.66	3.27	2.54
Sales management expenses	3.40	3.31	3.82	5.25	16.15	12.52
Advertising and booth activities expenses	22.20	21.61	19.45	26.75	51.09	39.59
Common fees and office expenditures	5.70	5.55	5.47	7.52	1.14	0.88
Other expenses	8.95	8.71	12.71	17.48	21.17	16.40
Total sales expenditures	102.71	100.00	72.70	100.00	129.04	100.00
Ratio of sales expenditures to the revenues from sales		8.36		14.33		23.33

Management Expenditures

The management expenditures were consisted of salary, welfare and benefits of employees, utilities expenses, services charges, and other management fees.

Table of Management Expenditures

Cost of Sales of Real Estate	2014		2015		2016	
	MB	%	MB	%	MB	%
Salary, welfares, and benefits of employees	43.33	67.37	33.80	65.84	27.60	68.41
Utilities expenses	0.87	1.36	0.85	1.65	0.75	1.86
Services charges such as audit fees	7.47	11.62	4.39	8.55	2.76	6.84
Meeting allowances	0.87	1.35	1.18	2.30	0.83	2.06
Other management fees	11.78	18.30	11.12	21.66	8.40	20.83
Total management expenditures	64.32	100.00	51.34	100.00	40.34	100
Ratio of management expenses to the revenues from sales		5.23		10.12		7.29

During 2014-2016, the Company recorded management expenditures equivalent to Baht 64.32 million, BAHT 51.34 million, and Baht 40.34 million, or representing the ratio of management expenditures to revenues from sales of real estate at 5.23%, 10.12%, and 7.29%, respectively.

In 2014, the Company's management expenditures were increased of BAHT 17.49 million from 2013 or equal to the increase ratio of 37.35%, because the Company had expenditures of registration to be on the listed companies in the Stock Market of Thailand as well as management expenditures, including the adjustment of employees' salary and employing more executives and employees to support the Company's business expansion.

In 2015, the Company's management expenditures were decreased of Baht 12.98 million or 21.43% from 2014 due to decrease of bonus and compensation for employees as well as the financial consultant fees compared with the previous year.

In 2016, the Company's management expenditures were increased of Baht 11.00 million or 21.43% from 2015 resulted of the proportion decrease of employees' bonus and compensation.

Gross Profit and Ratio of Gross Profit

The Company's gross profits between 2014-2016 were recorded at BAHT 466.68 million, Baht 170.01 million, and Baht 194.44 million respectively, representing gross profit ratio of 37.65%, 33.08%, and 35.10% respectively. The increase of gross profit ratio was due to the adjustment on the cost of project development, such cost was fluctuated resulting from construction; for example, labor cost, material cost as well as high competition in the real estate business which caused on sales competition in order to motivate consumers.

Net Profit and Ratio of Net Profit

During 2014-2016, the Company had the net profit equivalent to Baht 245.06 million, Baht 39.60 million, and 9.26 million respectively or representing net profit ratio of 19.77%, 7.71%, and 1.63% respectively compared with the total revenues.

In 2014, the Company's net profit increased to BAHT 33.73 million, equal to the increase ratio of 16.96% as a result of revenue recognition from Rich Park @Taopoon project which was the project with relatively high proportion of revenue recognition in 2014 or equivalent to 78.02% of total revenues from sales of all real estate and higher efficiency in cost management from reduction of financial costs.

In 2015, the net profit was recorded at Baht 39.60 million or equivalent to 7.71% of the total revenues. Nevertheless, the net profit decreased from 2014 due to a decline in revenues.

In 2016, the net profit was recorded at Baht 9.25 million or equivalent to 1.63% of the total revenues. The net profit decreased from 2015 due to an increase of sales expenditures from the previous of 77.50%. The key factors were from the launches of new projects increasingly; therefore, the other expenses were charged. The advertising and branding fees were increasingly to Baht 14 million, and sales management was risen to Baht 16 million.

Ratio of Shareholders' Return on Equity

During 2014-2016, the Company had the ratio of shareholders' return on equity equal to 22.77%, 2.55%, and 0.61% respectively. In 2014, the ratio of shareholders' return on equity was decreased due to the increase of registered capital. In 2015, the ratio of shareholders' return on equity was dropped due to decrease of the Company's profit. In 2016, the ratio of shareholders' return on equity was declined due to lower profits of the Company.

Analysis of the Company's Financial Status

Assets

Main assets of the Company are consisted of current assets, especially costs of real estate project development at an average of 90 percent of the total assets. Costs of real estate project development include 1. Land, and 2. Project development. Both items are considered high value assets or equivalent to 90 percent of costs of real estate project development.

As of December 31, 2014-2016, the Company had total assets equivalent to Baht 2,204.04 million, Baht 4,391.53 million, and Baht 5,570.31 million, representing the increase ratio of 42.51%, 99.25%, and 26.84% respectively. The Company's total assets were continuously increasing depending on launching new project continually.

As of December 31, 2014, the Company recorded an increase of total assets compared to 2013, resulting from construction investment projects of Rich Park @Chaophraya, Rich Ville @Ratchaphruek, Rich Biz Home @Sukhumvit 105, and The Rich @Sathorn-Taksin.

As of December 31, 2015, the Company recorded the total assets equal to Baht 4,391.53 million, an increase of Baht 2,187.50 million or 99.25% from 2014. This resulted from an increase of cost of real estate development for more sales according to the Company's business expansion.

As of December 31, 2016, the Company recorded the total assets equal to Baht 5,570.31 million, an increase of Baht 1,178.78 million or 26.84% from 2015. This resulted from an increase of cost of real estate development for more sales according to the Company's business expansion.

The Company had no assets of the creditor since the revenues can be recognized when completing the ownership transfer of the condominium.

Cost of Real Estate Development

Costs of sales of real estate before ownership transfer shall be recorded in the costs of real estate development in the Company's financial statements, and shall be recognized as costs of real estate sales in the profit and loss statements when the ownership transfer was completely done. Costs of real estate development are consisted of land cost, construction cost, costs directly related to project development, including interest loans that will be amortized to costs of sales at the revenue in a proportion of each project.

As of December 31, 2014-2016, the Company recorded costs of real estate development equal to Baht 1,870.28 million, Baht 4,083.46 million, and Baht 4,865.67 million, or representing 84.86%, 92.98%, and 87.35% of the Company's total assets, respectively

As of December 2014, the Company recorded costs of real estate development at the amount of Baht 419.88 million, representing 28.94% increasingly from 2013 resulting from work in progress of building projects: The Rich Biz Home @Sukhumvit 105, Rich Park @Chaophraya, The Rich Ville @Ratchaphruek, The Rich @Sathorn-Taksin, including completed construction of Rich Park @Taopoon Interchange.

As of December 31, 2015, the Company had costs of real estate development with the total value of Baht 4,083.46 million, an increase of Baht 2,213.18 million or 118.33% from 2014. This resulted from ownership transfer from vendors to develop new projects: Rich Park @Triple Station and The Rich @Nana.

As of December 31, 2016, the Company had costs of real estate development with the total value of Baht 4,865.67 million, an increase of Baht 782.21 million or 19.16% from 2015. This resulted from the following table of 14.7:

Table 14.7: Costs of Real Estate Development on Project Classification

Project	As of December 31 2014		As of December 31 2015		As of December 31 2016	
	MB	%	MB	%	MB	%
Le Rich @Rama3	131.83	7.05	126.72	3.10	122.83	2.52
Rich Park @Bangson Station	94.12	5.03	65.88	1.61	21.68	0.45
Rich Park @Taopoon Interchange	477.53	25.53	308.19	7.55	257.74	5.30
Rich Park @Chaophraya	279.74	14.96	768.84	18.83	667.87	13.73
Rich Park @Triple Station	-	-	843.72	20.66	732.00	15.04
The Rich @Sathorn-Taksin	404.12	21.61	468.75	11.48	1,111.14	22.84
The Rich @Nana	-	-	1,022.91	25.05	1,082.40	22.25
The Edge Collection	-	-	-	-	91.62	1.88
Rich Ville @Ratchaphruek	176.72	9.45	206.28	5.05	197.45	4.06
The Rich Biz Home @Sukhumvit 105	306.22	16.37	272.17	6.67	245.58	5.05
Rich Park @Laksi (Phahonyothin 59)	-	-	-	-	335.36	6.88
Total costs of real estate development	1,870.27	100.00	4,083.46	100.00	4,865.67	100.00

Cash Advance for Construction

The Company paid cash advance to building contractors for construction activities, by paying such amount prior to the beginning of construction. As of December 31, 2014-2016, the Company paid cash advance for construction equivalent to Baht 98.37 million, Baht 94.28 million, and Baht 125.53 million, or representing 4.46%, and 2.15%, and 2.25% of the total assets, respectively.

As of December 31, 2014, the Company's cash advance for construction was equal to Baht 47.67 million or 94.02% compared to 2013. The key factor of such increase was cash advance paid for the construction projects of Rich Park @ Chaophraya and The Rich @Sathorn-Taksin.

As of December 31, 2015, the Company paid cash advance for construction at the amount of Baht 94.28 million, a decline of Baht 4.09 million or 4.16% from 2014, resulting from the deduction of cash advance for construction projects of Rich Park @Chaophraya and The Rich @Sathorn-Taksin.

As of December 31, 2016, the Company paid cash advance for construction at the amount of Baht 125.53 million, an increase of Baht 31.25 million or 33.16 % from 2015, resulting from the additional construction of Rich Park @Triple Station in 2016.

Land Deposit

The Company recorded land deposits to the land owner to purchase land for its business operation. As of December 31, 2016, the Company paid land deposit at the amount of Baht 35.64 million or representing 0.64% of total assets.

As of December 31, 2014, the Company paid land deposits for new project operation of Baht 42 million which was on study process for development onward.

As of December 31, 2015, the Company recorded no land deposit.

As of December 31, 2016, the Company paid for land deposit for new project operation of Baht 35.64 million which was on study process for development onward.

Equipments

Equipments are included office appliances, office furniture, computer, vehicles etc. These costs were calculated by the costs deducted by accumulated depreciation value. As of December 31, 2014-2016, the Company had total equipment value of Baht 12.92 million, Baht 9.47 million, and Baht 40.89 million, respectively.

As of December 31, 2014, the Company recorded the total equipment value at Baht 1.81 million or equivalent to 16.25%, resulting from purchase of office furniture for the Company's current office.

As of December 31, 2015, the Company had the total equipment value at Baht 9.47 million, a decline of Baht 3.45 million or 26.70% from 2014, due to calculation on the normal depreciation value.

As of December 31, 2016, the Company had the total equipment value at Baht 31.42 million, an increase of Baht 40.89 million, or 331.68% due to the completeness of sales office in 2016.

Liabilities

Total liabilities of the Company are mostly 1) loans from financial institutions (including current and non-current type), and 2) loans from other people. In any particular year, the ratio of current liabilities to total liabilities of the Company is significantly changed but this did not affect its management of liabilities. However, the Company shall manage its liabilities in compliance with terms and conditions as stated in the loan agreement to manage its cash flow more effectively.

As of December 31, 2014-2017, the Company recorded total liabilities equal to Baht 661.50 million, Baht 2,837.50 million, and Baht 4,049.95 million, respectively, an increase of 329.02% from 2014, and 42.71% from 2015.

As of December 31, 2014, the Company had the total liabilities equal to Baht 661.50 million, a decline from Baht 275.58 million or 29.40% compared to 2013 because the Company repaid loans to financial institutions which in turn caused the decline of liabilities.

As of December 31, 2015, the Company recorded total liabilities of Baht 2,837.95 million, an increase of Baht 2,176.46 million or 329.02% from 2014 since the Company issued bonds with value equivalent to Baht 1,130 million, debentures value of Baht 940 million in order to acquire new land and invest in new project development. In addition, the Company had more construction creditors equal to Baht 14.35 million which was creditor of Rich Park @Chaophraya project as well as loans from financial institutions with the amount of Baht 38.63 million

As of December 31, 2016, the Company recorded total liabilities of Baht 4,049.95 million, an increase of Baht 1,211.99 million or 42.71% from 2015 since the Company borrowed increasingly from the financial institutes at the amount of Baht 1,208.53 million, the increase of advance payment from customers at the amount of Baht 167.11 million, and the increase of account payable for retention at the amount of Baht 25.80 million.

Creditors

The key creditors of the Company were construction creditors and as of December 31, 2014-2016, trade account payables of the Company were recorded at Baht 21.52 million, Baht 10.71 million, and Baht 219.13 million, or equal to 0.98%, 2.32%, and 3.93% of total liabilities and shareholders' equity, respectively.

As of December 31, 2014, the Company's trade account payables were equal to Baht 98.00 million or representing a decline of 81.99% from 2013 result of the construction completion of Rich Park @Taopoon Interchange project in 2014.

As of December 31, 2015, the Company's trade account payables increased to the amount of Baht 101.71 million, an increase of Baht 80.19 million or 372.63% from 2014. Increased trade account payables were resulted of the construction charged of Rich Park @Chaophraya project.

As of December 31, 2016, the Company's trade account payables increased to the amount of Baht 219.13 million, an increase of Baht 117.42 million or 115.45% from 2015. The increased trade account payables were resulted of the construction charged for the projects of Rich Park @Triple Station and The Rich @Sathorn-Taksin.

Long-Term Loans

The long term loans of the Company are borrowed from the financial institutions for its project development.

Table of Long Term Loans

Project	As of December 31 2014		As of December 31 2015		As of December 31 2016	
	MB	%	MB	%	MB	%
Long-term loans due within one year	410.77	86.88	-	-	-	-
Long-term loans from financial institutions (net)	62.01	13.12	511.41	100.00	1,719.93	100.00
Total	472.78	100.00	511.41	100.00	1,719.93	100.00

As of December 31, 2014, the Company recorded long-term loans equal to Baht 472.78 million, a decline of Baht 115.27 million or 19.60% from 2013, resulting from increased number of ownership transfer of Rich Park @Taopoon which enabled the Company to repay more loans.

As of December 31, 2015, the Company's long-term loans were equivalent to Baht 511.41 million, an increase of Baht 38.63 million or 8.17% from 2014. The increase of long-term loans from financial institutions was employed for new project development of the Company.

As of December 31, 2016, the Company's long-term loans were equivalent to Baht 1,719.93 million, an increase of Baht 1,208.52 million or 236.31% from 2015. The increase of long-term loans from financial institutions was employed for new project.

Loans from other persons or related businesses

Loans are borrowed from other persons or related businesses in which the Company is the debtor and paid the interest at a different rate.

As of December 31, 2014, the Company had no loans from other persons or related businesses

As of December 2015, the Company had no loans from other persons or related businesses

As of December 2016, the Company borrowed money from other persons or related businesses at the amount of Baht 10.00 million with the interest rate of 4.30% per year. Such loans were used for the normal business operation and its due is on February 10, 2016.

Advance Payment from Customers — General People

Money that the Company receives from buyers prior to the date of ownership transfer are deposits and contract fee which shall be recorded as advanced payments from customers and considered as revenues when ownership is transferred. Nevertheless, deposits and contract fee must be approximately 5-10% of the selling price depending on the policy of each project.

As of December 31, 2014, the Company had advanced payment from customers and general people equal to Baht 53.91 million, or representing 2.45% of liabilities and shareholders' equity. Advanced payment was dropped to Baht 27.67 million from 2013 or equivalent of 33.92%. Major factors were increased amount of ownership transfer from Rich Park @Taopoon Interchange project, as a result, advanced payment in terms of down payment, reserved payment, and contract fee had been converted to revenues from sales of real estate in profit and loss statements.

As of December 31, 2015, the Company recorded advanced payments from customers and general people equal to Baht 62.29 million, an increase of Baht 8.38 million from 2014, or representing 15.55%. Major factors were increasingly from receiving reserved payment, contract fee and down payment from projects which were not transferred ownership: Rich Park @Chaophraya and The Rich @Sathom-Taksin project.

As of December 31, 2016, the Company recorded advanced payments from customers and general people equal to Baht 229.40 million, an increase of Baht 167.11 million from 2015, or representing 268.00%. Major factors were increasingly from receiving reserved payment, contract fee and down payment from projects which were not transferred ownership: The Rich @Sathorn-Taksin, Rich Park @Triple Station and The Rich @Nana, which shall be transferred in 2017, 2018, 2019, respectively.

Advance Payment from Customers - Related Persons

As of December 31, 2014, advanced payment from customers and related persons was amounted to Baht 2.99 million or representing 0.13% of liabilities and shareholders' equity. There were still advanced payments from Rich Park @Chaophraya project and The Rich @Sathorn-Taksin (details of payments from related persons can be seen from Section 2, No.12. in "related transactions").

As of December 31, 2015, advanced payments from customers and related persons was amounted to Baht 0.97 million, a decline of Baht 2.02 million, or representing 67.56% from 2014, due to ownership transfer of Rich Park @Chaophraya in 2015.

As of December 31, 2016, the Company received advanced payments from customers and related persons equally to Baht 5.03 million, an increase of Baht 4.06 million, or representing 418.30% from 2015, from the projects of The Rich @Sathorn-Taksin, The Rich @Nana, and Rich Park @Triple Station.

Table of Details of Payments of Projects on Processing as of December 31, 2016

Project	Values of Sales (1)	Number of transferred units	Values of ownership transfer(2)		Remaining of Values of Sales (3) = (1)-(2)		Accumulated due payment (4) = (5)+(6)		Accumulated payment (5)		Accumulated over due payment (6)		Balance of the amount of undue payment (6) = (3)-(4)	
	MB	Unit	MB	% of sales values	MB	% of sales values	MB	% of sales values	MB	% of sales values	MB	% of sales values	MB	% of sales values
Le Rich @Sathupradit	826.53	370	826.53	100	-	-	-	-	-	-	-	-	-	-
Le Rich @Ratchada-Suthisan	175.00	77	175.00	100.00	-	-	-	-	-	-	-	-	-	-
Le Rich @Aree	235.00	73	235.00	100.00	-	-	-	-	-	-	-	-	-	-
Rich Park @Bangson	1,378.97	784	1361.47	98.00	-	-	-	-	-	-	-	-	-	-
Rich Park @Taopoon	1,382.55	563	1,372.62	99.28	-	-	-	-	-	-	-	-	-	-
Rich Park @Chaophraya	390.72	162	369.33	94.53	21.39	5.47	0.12	0.07	0.12	0.07	-	-	21.27	5.44
Rich Paark @Triple Station	1,908.24	-	-	-	1,908.24	100.00	48.06	26.57	45.42	27.74	2.64	15.41	1,860.18	62.24
The Rich @Sathorn-Taksin	727.68	-	-	-	727.68	100.00	84.83	46.91	74.62	45.58	10.21	59.60	642.85	21.54
The Rich Ville @Ratchaphruek	62.50	20	62.50	100.00	-	-	-	-	-	-	-	-	-	-
The Rich Biz Home @Sukhumvit 105	248.29	48	232.82	100.00	-	-	-	-	-	-	-	-	-	-
The Rich @Nana	517.61	-	-	-	517.61	100.00	47.82	26.44	43.54	26.60	4.28	24.99	469.79	15.74
Total	7,744.97	2,097	4,579.57		3,165.46		180.83		163.72		17.13		2,984.63	

Remark 1. The Rich @Sathorn-Taksin – R1 No ownership transfer

Shareholders' Equity and Ratio of Return on Shareholders' Equity

As of December 31, 2014, 2015 and 2016, shareholders' equity was recorded at the amount of Baht 1,542.53 million, Baht 1,553.58 million, and Baht 1520.37 million, or representing the proportion of 69.99%, 35.38%, and 27.29% of liabilities and shareholders' equity, respectively. The increase in shareholders' equity was resulted from the increase of the Company's net profits and its capital.

As of December 31, 2015, shareholders' equity was equal to Baht 11.04 million, or representing 0.72% increasingly from 2014. This was due to the fact that the Company paid dividend to shareholders in form of cash and shares on May 29, 2015, with the ratio of Baht 0.14 per share.

As of December 31, 2016, shareholders' equity was equal to Baht 33.21 million, or representing 2.14 % , decreasingly from 2015. This was resulted from cash dividend payment to shareholders in on May 29, 2016,

Liquidity Analysis

(Unit : Million Baht)

	2014	2015	2016
Cash flow from operating activities	(415.71)	(1,019.32)	(716.59)
Cash flow from investment activities	(150.16)	135.36	(37.39)
Cash flow from financial activities	567.72	888.71	753.91
Net increase of cash flow (decrease)	1.85	4.75	(0.07)

Cash Flow from Operating Activities

During 2014-2016, the Company had cash flow from operating activities equal to Baht (415.71) million, Baht (1,019.32) million, and Baht (716.59) million, respectively.

In 2014, the Company had cash flow from operating activities with the amount equal to BAHT (415.71) million since the Company had invested money in new project development: Rich Park @Chaophraya project, Rich Ville @Ratchaphruek project, and Satorn-Taksin project, including land deposit at the amount of Baht 42 million and the rest was other expenditures used in normal business operations.

In 2015, the Company recorded cash flow from operating activities with the amount equal to Baht (1,019.32) million since the Company spent Baht 221.99 million for land deposit; the rest was spent for other expenditures in normal business operations.

In 2016, the Company had cash flow from operating activities with the amount of Baht (716.59) million since the Company spent such money to invest on new property project development: The Rich @Sathorn-Taksin, Rich Park @Triple Station, and land deposit at the amount of Baht 35.64 million; the rest was spent for other expenditures in normal business operation.

Cash Flow from Investment Activities

In 2014, the Company's cash flow from investment activities was recorded at Baht (150.16) million which was used to buy equipment and revenues gained from selling IPO shares were spent in buying on temporary capital.

In 2015, the Company had cash flow from investment activities equivalent to Baht 135.37 million since the Company sold its temporary capital to invest on new project development.

In 2016, the Company had cash flow from investment activities equivalent to Baht (37.39) million since the Company sold its temporary capital to buy equipment and invest on its subsidiaries.

Cash Flow from Financing Activities

In 2014, the Company had cash flows from financing activities at the amount of Baht 567.72 million, resulting from capital increase of Baht 687.99 million. Moreover, the Company recorded additional cash flows from loans from financial institutions at the amount of Baht 685.00 million, including some loan payments during such year.

In 2015, the Company reported cash flows from financing activities at the amount of Baht 888.71 million because the Company issued bonds worth Baht 130 million as well as issued debentures with the value of Baht 940.00 million.

In 2016, the Company reported cash flows from financing activities at the amount of Baht 753.91 million because the Company issued bonds worth Baht 620 million as well as issued debentures with the value of Baht 1,140.00 million for developing its existing projects and additional new projects in 2016.

Ratio of Liabilities to Shareholders' Equity

In 2014, the Company recorded the ratio of liabilities to shareholders' equity at 0.43 times and the ratio of interest liabilities to shareholders' equity at 0.31 times since the Company repaid loans to financial institutions from money received from ownership transfer of condominium as well as the Company's capital increase during 2014.

In 2015, the Company had the ratio of liabilities to shareholders' equity at 1.83 times and the ratio of interest liabilities to shareholders' equity at 0.93 times, an increase of 0.62 times from the previous year because the Company issued bonds with the total amount of Baht 1,130 million and debentures value at Baht 940 million, resulting in an increase in its liabilities and interest liabilities.

In 2016, the Company had the ratio of liabilities to shareholders' equity to 2.66 times and the ratio of interest liabilities to shareholders' equity at 1.88 times, because the Company issued bonds with the total amount of Baht 620 million and debentures value at Baht 1,140 million, resulting in an increase in its liabilities and interest liabilities.

Audit Fee

On the fiscal year of 2013, the Company paid the audit fee to the Company's auditor; that was, Grand Thornton Company, at the amount of Baht 760,000. Besides such audit fee, the Company did not have to pay other service fees to the auditor. In addition, the Board of Directors' meeting held on February 28, 2014 had resolution to pay the audit fee for the accounting year of 2014 with the total amount of Baht 858,560 and in 2016, the Company signed the contract with Karin Audit Company Limited with the audit fee of Baht 720,000 and in 2016 the audit fee was Baht 900,000..

Key Factors and Influences effected to the Financial Status and Business Operation in the Future

Risk factors, which effected to the performance and financial status, are continuously from economic situation, interest rate. They are impact on the demands of residence and be either positive factor which supports the business growth or negative factor that slows down the business. These factors; however, are the outcome of financial policy of the Bank of Thailand. Nevertheless, under current economic and political situation, such factors may result in lower interest rate, which supports the real estate business. Land procurement for project is potentially caused of risk because of the difficulty on land procurement such as electric train line, government's projects or transportation convenient for urban citizen, which in turn, resulting in higher cost of real estate development and slower decision making in part of the consumers, especially in Bangkok area.

Other related factors include higher costs of business operation such as labor cost, cost of construction materials, fuel price, transportation expenditures which in turn, can affect the project delivery of contractors and the development of real estate business. Although various risk factors have a direct impact on the Company's business operation, in 2014, however, there were some supporting factors such as the decline of interest rate on money policy and in accordance with the strictly housing loan approval for good interest rate and scrutinizing customers. As a result, it might not cause on bubbles in the real estate market. Moreover, real estate entrepreneurs established the management strategy emphasizing on efficiency and planning, resulting in lower capital investment, higher competitive advantages compared with other competitors in the same industry as well as ability to meet market demands.

The Annual General Meeting of Shareholders in 2016 held on April 25, 2016 passed the resolution to issue and offer bonds, not exceed of Baht 3,000 million by authorizing the Chairman of the Board of Directors to define and change conditions and details related to the issuance and offering of each type/kind of each offering, including the power to implement any actions which were necessary and related to the issuance and offering such bonds to be complete and be complied with the laws defined.

The Annual General Meeting of Shareholders No. 1/ 2017 held on February 28, 2017 passed the resolution on dividend payment in term of cash and securities at the amount of Baht 4.97 million, Baht 0.0063 per share and stock dividend of 32.72 million shares at ratio 24 existing shares to 1 new share dividend at the par value of 1 Baht, the total amount of Baht 32.72 million. Moreover, the Meeting approved to issue the warrant no. 1 (W1) and warrant no. 2 (W2) to buy its common shares to shareholders subscribing and receiving such allocating shares according to their proportion (Right Offering), and excess right at the number of 314.16 unit at the ratio of one new common share per 2 units of warrant by classify the warrants into RICHY - W1 and RICHY - W2 without charges. In addition, the approval of increase on the registered capital at the amount of Baht 503.97 million with par value of 1 Baht was done. Therefore, the registered capital was changed from Baht 785.40 million to Baht 1,289.36 million with the par value of 1 Baht and amendment of Memorandum of Association, Clause 4, was approved in compliance with the increase of registered capital of the Company.