



Property firms see results dip in first half despite Q2 recovery

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Although the property market showed signs of a post-flood recovery in the second quarter, financial results for the first six months of the year were still lower than in the same period of 2011.

Most property firms reported to the Stock Exchange of Thailand that the reason for this was that they could not deliver homes to customers on time, while some of them faced stiff increases in labour and construction costs. However, they did benefit from the reduction in corporate tax from 30 per cent to 23 per cent.

Land & Houses senior vice president Adisorn Nanthanarapool said net profit in the first half was lower than in the same period last year, when its profit was boosted by its sale of a major stake in Bangkok Chain Hospital in the first quarter of 2011. While the company bene-

fit from setting up a property fund in the first quarter of this year, there was no extra income in the period like last year, so net profit in the first half of 2012 was lower.

However, if net profit were calculated from core business only, which is developing homes for sale, the first-half net would post growth of 19.8 per cent year on year, Adisorn said.

Property Perfect chief executive officer Chainid Ngowsirimanee said management costs rose 47 per cent in the second quarter compared with the same period last year. That had an impact on the company's net profit in the first half, which was lower than in the first six months of 2011.

Sansiri, by contrast, reported higher net profit in the first half than in the same period last year, thanks to completion of its condominium projects and transfer to customer in the 2012 period, company president Srettha Thavisin said.

Raimon Land CEO Hubert Viriot said the company started to transfer The River project to its customers in the second quarter, which boosted revenue, and net profit showed strong growth in the first half.

"The River will also drive revenue and net profit in the second half of this year," he said.

An analyst at Asia Plus Securities said that although listed property firms showed lower net profit in the first half of this year than in the same period of 2011, they had potential to boost results in the second half as their backlogs are delivered to customers. This would amount to a total of nearly Bt100 billion for the 15 leading property firms listed in the SET.

"We still suggest investing in the property sector, as their share prices are lower than their fundamentals [indicate], and their financial results will show strong growth in the second half of this year," the analyst said.