

26 February 2019

Subject: Clarification of the Year Ended 2018 Operating Results

To: President

The Stock Exchange of Thailand

Ananda Development Public Company Limited (ANAN) would like to clarify the company and its subsidiaries' operating results for the year ended 31 December 2018 as follows:

(Consolidated Financial Statement)

Statement of Comprehensive Income	2018		2017		Increased (Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Revenue from sale of real estate	5,904.7	55.9	8,931.9	69.0	(3,027.2)	(33.9)
Revenue from project management services & commission income	2,079.7	19.7	2,060.7	15.9	19.0	0.9
Revenue from construction	1,674.2	15.9	1,208.1	9.3	466.1	38.6
Revenue from rental and services	274.9	2.6	201.3	1.6	73.6	36.6
Revenue from land sourcing	173.9	1.7	173.0	1.3	0.9	0.5
Other incomes	447.4	4.2	375.2	2.9	72.2	19.2
Total revenues	10,554.8	100.0	12,950.2	100.0	(2,395.4)	(18.5)
Cost of goods sold						
Cost of real estate sold	4,260.8	40.4	6,066.5	46.8	(1,805.7)	(29.8)
Cost of project management services & commission income	903.8	8.6	736.9	5.7	166.9	22.6
Cost of construction services	1,534.1	14.5	1,105.8	8.5	428.3	38.7
Cost of sale and services	251.0	2.4	143.4	1.1	107.6	75.0
Total cost of goods sold	6,949.7	65.8	8,052.6	62.2	(1,102.9)	(13.7)
Profit before selling & administration expenses	3,605.1	34.2	4,897.6	37.8	(1,292.5)	(26.4)
Selling & administration expenses	3,085.5	29.2	2,569.5	19.8	516.0	20.1
Selling expenses	947.2	9.0	1,111.8	8.6	(164.6)	(14.8)
Administrative expenses	1,965.1	18.6	1,457.7	11.3	507.4	34.8
Other expenses	173.2	1.6	-	-	173.2	-
Operating profit (loss)	519.6	4.9	2,328.1	18.0	(1,808.5)	(77.7)
Finance cost	(368.3)	(3.5)	(285.2)	(2.2)	(83.1)	29.1
Income tax expenses	(95.0)	(0.9)	(372.9)	(2.9)	(277.9)	(74.5)
Profit before share of profit (loss) from investments in joint ventures	56.3	0.5	1,670.0	12.9	(1,613.7)	(96.6)
Share of profit (loss) from investments in joint ventures	2,341.2	22.2	(341.5)	(2.6)	2,682.7	(785.6)
Profit (loss) for the period	2,397.5	22.7	1,328.5	10.3	1,069.0	80.5
Profit attributable to non-controlling interests	(21.9)	(0.2)	-	-	(21.9)	-
Profit attributable to equity holder of the company	2,419.4	22.9	1,328.5	10.3	1,090.9	82.1

Net Profit

For the year ended 2018, the Company and its subsidiaries recorded its all-time high net profit of Baht 2,419 million, significantly rising Baht 1,091 million or 82.1% from the previous year, driven mainly by an increase in share of profit from investments in joint ventures. A significant increase in net profit of the Company was due to the company efforts on the business growth in the form of joint venture projects with its strategic partners, Mitsui Fudosan.

Share of Profit (Loss) from Investments in Joint Ventures

2018 share of profit from investment in joint ventures accounted for Baht 2,341 million, an increase of Baht 2,683 million from the previous year due mainly to the recognition profits from 8 joint venture projects which were completed and started to transfer during the year.

Revenue

Total revenue in 2018 stood at Baht 10,555 million, decreasing Baht 2,395 million or 18.5% year on year, mainly from an increase in construction revenue and a decrease in sales of real estate revenue came from the Company and its subsidiaries owned. The Company presently has been developing projects through joint venture companies which was recognized in statement of comprehensive income under the share of profit (loss) from investments in joint ventures.

Cost of Goods Sold and Operating Expenses

2018 total cost of goods sold was Baht 6,950 million, dropping Baht 1,103 million or 13.7% year on year, which was in line with a decrease in total revenue. A drop in total cost of goods sold was due mostly to a decline in cost of real estate sold. 2018 cost of real estate sold accounted for Baht 4,261 million, dropping Baht 1,806 million or 29.8% from the previous year.

Selling expenses in 2018 dropped Baht 165 million or 14.8% year on year to Baht 947 million. Meanwhile, administrative expenses rose Baht 507 million or 34.8% from the previous year to Baht 1,965 million, due mostly to business expansion to support the company's long-term growth. During the year, the Company recognised loss on diminution in value of property development for sales, land held for development, investment property, and land, building, and equipment under other expenses of Baht 173 million.

Finance Costs

2018 finance cost of the Company was Baht 368 million, increasing Baht 83 million or 29.1% year on year mainly because of an increase in debentures issuance in 2018. As of 31 December 2018, the Company's Net Interest Bearing Debt to Equity Ratio (Net IBD/E ratio) stood at 0.7 time. The Company expected to maintain its preferred measure of leverage, Net IBD/E ratio, below 1 time as its long-term target.

Income Tax Expenses

The Company and its subsidiaries' income tax expenses in 2018 accounted for Baht 95 million, dropping Baht 278 million or 74.5% from the previous year because the Company presently has been developing the projects through joint venture companies which income tax expenses were netted of under the share of profit (loss) from the investments in joint ventures.

Please be informed accordingly.

Sincerely yours,

(Mr. Chanond Ruangkritya)

President & Chief Executive Officer