

Subject : Clarification of Quarter 3/2018 Operating Results

To : The President
The Stock Exchange of Thailand

Ananda Development Pcl. (ANAN) would like to clarify the company and its subsidiaries' operating results for the Quarter 3/2018 as follows:

Statement of comprehensive income	Quarter 3/2018		Quarter 3/2017		Increased(Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Revenue from sale of real estate	1,474.9	54.7	1,692.4	61.4	(217.5)	(12.9)
Revenue from project management services & commission income	552.2	20.5	611.0	22.1	(58.8)	(9.6)
Revenue from construction	474.0	17.6	278.2	10.1	195.8	70.4
Revenue from sales and services	57.3	2.1	52.4	1.9	4.9	9.4
Revenue from land sourcing	27.0	1.0	40.5	1.5	(13.5)	(33.3)
Other incomes	111.8	4.1	84.1	3.0	27.7	32.9
Total revenues	2,697.2	100.0	2,758.6	100.0	(61.4)	(2.2)
Cost of goods sold						
Cost of real estate sold	1,090.2	40.4	1,147.9	41.6	(57.7)	(5.0)
Cost of project management services & commission income	226.1	8.4	268.7	9.7	(42.6)	(15.9)
Cost of construction services	434.8	16.1	254.4	9.2	180.4	70.9
Cost of sale and services	53.2	2.0	35.2	1.3	18.0	51.1
Total cost of goods sold	1,804.3	66.9	1,706.2	61.8	98.1	5.7
Profit before selling & administration expenses	892.9	33.1	1,052.4	38.2	(159.5)	(15.2)
Selling & administration expenses	788.9	29.2	650.4	23.6	138.5	21.3
Selling expenses	264.2	9.8	252.7	9.2	11.5	4.6
Administrative expenses	524.7	19.5	397.7	14.4	127.0	31.9
Operating profit (Loss)	104.0	3.9	402.0	14.6	(298.0)	(74.1)
Finance cost	85.5	3.2	89.4	3.2	(3.9)	(4.4)
Income tax expense	24.4	0.9	58.6	2.1	(34.2)	(58.4)
Profit before share of loss from investments in joint ventures	(5.9)	(0.2)	254.0	9.2	(259.9)	(102.3)
Share of profit (loss) from investments in joint ventures	982.3	36.4	(113.1)	(4.1)	1,095.4	(968.5)
Profit for the period	976.4	36.2	140.9	5.1	835.5	593.0
Other comprehensive income for the period	-	-	-	-	-	0.0
Total comprehensive income for the period	976.4	36.2	140.9	5.1	835.5	593.0

Total Revenues

For the Quarter 3/2018, the Company and its subsidiaries generated total revenues of Baht 2,697.2 million, a decrease of Baht 61.4 million or 2.2% compared to the same period of last year resulting mainly from a decrease in revenue from sale of real estate 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 the investments.

The Company and its subsidiaries' revenue from sale of real estate contributed 54.7% of total revenues decreased from 61.4% in the previous year. The decrease in contribution of revenue from sale of real estate to total revenues was due to the revenue from construction income to total revenues growing from 10.1% to 17.6%.

Cost of Goods Sold

For the Quarter 3/2018, the cost of goods sold was Baht 1,804.3 million, an increase of Baht 98.1 million or 5.7% from the same period of last year due to the increase in revenue from construction. The cost of real estate sales was Baht 1,090.2 million or 73.9% of the revenue from real estate, an increase from 67.8% from a same period of last year. The Company and its subsidiaries recognized higher contributed revenues from housing and condominium projects under “Unio” brand which the cost of real estate sales was higher than the average cost.

Selling & Administrative Expenses

Selling & Administration Expenses	Quarter 3/2018		Quarter 3/2017		Increased(Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses						
Selling expenses	205.2	26.0	183.8	28.3	21.4	11.6
Special business tax and transfer fees	59.0	7.5	68.9	10.6	(9.9)	(14.3)
Total selling expenses	264.2	33.5	252.7	38.9	11.5	4.6
Administrative expenses	524.7	66.5	397.7	61.1	127.0	32.0
Total selling & admin expenses	788.9	100.0	650.4	100.0	138.5	21.3

For the Quarter 3/2018, the Company and its subsidiaries' selling and administrative expenses were Baht 789.0 million or 29.2 of total revenues, an increase of Baht 138.5 million from the same period of last year.

The total selling expenses for the Quarter 3/2018 were Baht 264.2 million consisted of selling expenses totalling Baht 205.2 million and special business tax and transfer fees of Baht 59.0 million.

The administrative expenses for the Quarter 3/2018 were Baht 524.7 million, an increase of Baht 127.0 million from the same period of last year.

Finance Costs

For the Quarter 3/2018, Finance Costs were Baht 85.5 million or 3.2% of total revenues, a decrease of Baht 3.9 million from the same period of last year because the company has the average financial cost lower than last year.

As of 30 September 2018, the Company had a debt to equity ratio of 1.4 times, an interest-bearing debt to equity ratio of 1.1 times and a net cash interest bearing debt to equity ratio of 0.9 times.

Share of Profit (Loss) from investment in associates and joint ventures

For the Quarter 3/2018, the share of profit from investment in associates and joint ventures was Baht 982.3 million, an increase from the share of loss at Baht 113.1 million in the same period of last year due to the recognition profit from Ideo Sukhumvit 93 project ahead of schedule in the Quarter 4 and the continuing transfers of the Ashton Asoke and Ashton Chula-Silom projects which were completed and started to transfer during Quarter 2/2018.

Income Tax Expenses

For the Quarter 3/2018, the income tax expenses were Baht 24.4 million or 0.9% of total revenues, a decrease of Baht 34.2 million from the same period of last 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 investment.

Net Profit

The Company and its subsidiaries generated a Net Profit for the Quarter 3/2018 of Baht 976.4 million, equal to 36.2% of total revenues. This was an increase of Baht 835.5 million which mainly was come from the share of profit from investment in joint ventures companies.

Please be informed accordingly.

Sincerely yours,

(Mr. Chanond Ruangkritya)
President & Chief Executive Officer