

Subject : Clarification of Year 2016 Operating Results

To : The 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 End 2016 as follows:

Statement of comprehensive income	2016		2015		Increased(Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues</b>						
Revenue from sale of real estate	9,780.4	80.0	9,598.1	87.1	182.3	1.9
Revenue from project management services & Commission Incomes	1,242.8	10.2	961.2	8.7	281.6	29.3
Construction service income	539.4	4.4	45.1	0.4	494.3	1,096.0
Revenue from sales and services	167.4	1.4	147.6	1.3	19.8	13.4
Other incomes	499.8	4.0	273.3	2.5	226.5	82.9
<b>Total Revenues</b>	<b>12,229.8</b>	<b>100.0</b>	<b>11,025.3</b>	<b>100.0</b>	<b>1,204.5</b>	<b>10.9</b>
<b>Cost of Good Sold</b>						
Cost of real estate sold	6,472.9	52.9	6,002.2	54.4	470.7	7.8
Cost of project management services & Commission Income	604.9	4.9	450.4	4.1	154.5	34.3
Cost of construction services	492.6	4.0	41.4	0.4	451.2	1,088.5
Cost of Sale and Services	116.6	1.0	101.6	0.9	15.0	14.8
<b>Total Cost of Good Sold</b>	<b>7,687.0</b>	<b>62.8</b>	<b>6,595.6</b>	<b>59.8</b>	<b>1,091.4</b>	<b>16.5</b>
<b>Profit Before Selling &amp; Administration Expenses</b>	<b>4,542.8</b>	<b>37.2</b>	<b>4,429.7</b>	<b>40.2</b>	<b>113.1</b>	<b>2.5</b>
<b>Selling &amp; Administration Expenses</b>	<b>2,515.6</b>	<b>20.6</b>	<b>2,152.1</b>	<b>19.5</b>	<b>363.5</b>	<b>16.9</b>
Selling expenses	1,016.0	8.3	1,150.7	10.4	(134.7)	(11.7)
Administrative expenses	1,499.6	12.3	1,001.4	9.1	498.2	49.8
<b>Operating Profit (Loss)</b>	<b>2,027.2</b>	<b>16.6</b>	<b>2,277.6</b>	<b>20.7</b>	<b>(250.4)</b>	<b>(11.0)</b>
Finance cost	334.8	2.7	253.6	2.3	81.2	32.0
Income tax expense	306.3	2.5	340.8	3.1	(34.5)	(10.1)
<b>Profit before share of loss from investments in joint ventures</b>	<b>1,386.1</b>	<b>11.3</b>	<b>1,683.2</b>	<b>15.3</b>	<b>(297.1)</b>	<b>(17.7)</b>
Share of loss from investments in joint ventures	115.4	0.9	(476.6)	(4.3)	592.0	124.2
<b>Profit for the period</b>	<b>1,501.5</b>	<b>12.3</b>	<b>1,206.6</b>	<b>10.9</b>	<b>294.9</b>	<b>24.4</b>
Other comprehensive income for the period	2.2	0.0	-	-	2.2	100.0
<b>Total comprehensive income for the period</b>	<b>1,503.7</b>	<b>12.3</b>	<b>1,206.6</b>	<b>10.9</b>	<b>297.1</b>	<b>24.6</b>

### Total Revenue

For the Year 2016, the Company and its subsidiaries generated total revenues of Baht 12,229.8 million, an increase of Baht 1,204.5 million or 10.9% compared to the same period of last year resulting mainly from an increase in Revenue from the Sale of Real Estate of Baht 182.3 million; Revenue from Project management services and commission incomes of Baht 281.6 million and Revenue from Construction Service Income of Baht 494.3 million. Revenue from the Sale of Real Estate contributed 80.0% of total revenues.

For the year 2016, the Company recognised the transfer of Condominium and Single-Detached Houses totalling 3,392 units, a decrease of 45 units compared to the same period of last year. However, the Revenue from the Sale of Real Estate for the year 2016 was Baht 9,780.4 million, an increase of 182.3 or

1.9% compared to the same period of last year because the average selling prices were higher by Baht 0.1 million per unit compared to the same period of last year.

For the year 2016 the revenue from Project Management Services and Commission income was increased by Baht 281.6 million compared to the same period of last year mainly due to the recognition of revenues of Project Management Services totalling 15 projects an increase of 6 projects from last year.

For the year 2016 the revenue from Construction Service income was increased by Baht 494.3 million compared to the same period of last year mainly due to increased revenue from Construction services from our subsidiary, Helix Company Limited (Helix). The Construction Services Revenue increased significantly as Helix started to provide the service to external customers as previously all Helix's construction service revenues were derived from Ananda projects.

#### Cost of Goods Sold

For the Year 2016, the Cost of Goods Sold was Baht 7,687.0 million, an increase of Baht 1,091.4 million or an increase of 16.5% from the same period of last year, which was in line with the increase in Revenue. The cost of Real Estate Sales was Baht 6,472.9 million or 66.2% of the revenue from real estate which was higher than the cost of Real Estate Sales last year, which was 62.5% because of the higher contribution from Townhouse and Unio Charan 3 Projects, which normally have a higher Cost of Goods Sold than the company's average cost of real estate projects.

#### Selling & Administrative Expenses

Selling & Administration Expenses	2016		2015		Increased(Decreased)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Selling Expenses</b>						
Selling expense	756.9	30.1	961.3	44.7	(204.4)	(21.3)
Special business tax and transfer fees	259.1	10.3	189.4	8.8	69.7	36.8
<b>Total Selling expenses</b>	<b>1,016.0</b>	<b>40.4</b>	<b>1,150.7</b>	<b>53.5</b>	<b>(134.7)</b>	<b>(11.7)</b>
<b>Administrative expenses</b>	<b>1,499.6</b>	<b>59.6</b>	<b>1,001.4</b>	<b>46.5</b>	<b>498.2</b>	<b>49.8</b>
<b>Total Selling &amp; Admin expenses</b>	<b>2,515.6</b>	<b>100.0</b>	<b>2,152.1</b>	<b>100.0</b>	<b>363.5</b>	<b>16.9</b>

For the Year 2016, the company and its subsidiaries Selling and Administrative Expenses were Baht 2,515.6 million or 20.6% of total revenues, and consisted of Selling Expenses of Baht 1,016.0 million and Administrative Expenses of Baht 1,499.6 million. This represented an increase of Baht 363.5 million, an increase of 16.9% from the same period of last year.

The Total Selling Expenses in the Year 2016 of Baht 1,016 million consisted of Selling Expenses totalling Baht 756.9 million and Special Business Tax and Transfer fees of Baht 259.1 million. The decrease in

Selling Expenses of Baht 204.4 million, a decrease of 21.3% from the same period of last year was due to some real estate projects being postponed to launch next year and additionally no expenses of a corporate selling event: Ananda Urban Pulse at Siam Paragon, for which the company usually holds the event every year.

The Administrative Expenses of the Year 2016 were Baht 1,499.6 million, an increase of Baht 498.2 million, an increase of 49.8% from the same period of last year, mainly due to an increase in staff expenses, which were incurred to support upcoming Real Estate projects and the office's rental expenses as the company and its subsidiaries were moved to the new office at FYI Building during Quarter3/2016.

### Finance Costs

For the Year 2016, Finance Costs were Baht 334.8 million or 2.7% of total revenues, an increase of Baht 81.2 million from the same period of last year which was in line with the increase of Interest Bearing Debt for support of the Real Estate Projects.

The Company also issued the Subordinated Perpetual Debentures during the 2nd quarter in the amount of Baht 1,000 million upon dissolution with the issuer's right to early redemption and unconditional interest deferral.

The debenture has a coupon of 8.5% per annum for the first five years, after which the coupon rate will be adjusted as per the details prescribed in the Terms and Conditions of the issuer.

The Company also issued the Unsecured Debentures during the 4th quarter in the amount of Baht 3,000 million and the summary are as follows:

No	Amount (Million Baht)	Tenors	Coupon (%)	Maturity Year
1	1,000	1	3.05	2017
2	500	3	3.50	2019
3	1,500	5	4.00	2021

As of 31 December 2016, the Company had outstanding unsecured debentures totalling Baht 9,000 million and had a Debt to Equity ratio of 1.4 times, an Interest Bearing Debt to Equity ratio of 1.0 times and a Net Cash Interest Bearing Debt to Equity ratio of 0.8 times.

### Share of loss from investment in associates and joint ventures

The Share of Profit from investment in associates and joint ventures in the Year 2016 mainly derived from the profit from the investment in Q Chula Samyarn project which was invested in a joint venture in 2013 with SEA Investment Five Pte. Ltd. and the project was completed during quarter 3/2016. The company started to share Profit from the investment in the Q Chula Samyarn project which has a project value of Baht 6,917 million and the overall project has been transferred 88% and the transfer is expected to be completed in the year 2017.

For the Year 2016, the company continued to invest in residential projects with SEA Investment Five and the company still owns 51% of the shares as in previous joint venture projects. The name of the projects are Ideo Mobi Sukhumvit 66; Ideo Mobi Asoke ; Ideo Sukumvit 93 and Ideo Phaholyothin-Chatuchak with a total projected sales value of Baht 14,463 million.

For the Year 2016, the Share of Profit from investment in associates and joint ventures was Baht 115.4 million, an increase of 124.2% from the same period of last year.

#### **Income Tax Expenses**

For the Year 2016, the Income Tax Expenses were Baht 306.3 million or 2.5% of total revenues, a decrease of Baht 34.5 million from the same period of last year because the Unio Charan 3 Project was granted an income tax exemption by the Board of Investment (BOI).

#### **Net Profit**

The Company and its subsidiaries generated a Net Profit for the Year 2016 of Baht 1,503.7 million, equal to 12.3% of total revenues. This was an increase of Baht 297.1 million or an increase 24.6% from the same period of last year, which was in line with the increase in Revenue.

Please be informed accordingly.

Sincerely yours,

(Mr. Chanond Ruangkritya)

President & Chief Executive Officer