

22 February 2019

Re: To clarify the financial statements as of 31 December 2018
 To: President
 The Stock Exchange of Thailand

WHA Corporation Public Company Limited (the "Company") submitted its separate financial statement and its consolidated financial statement for the year of 2018 ended on 31 December 2018 which were audited by the auditor. The Company hereby clarifies the changes in the performance as follows:

FINANCIAL PERFORMANCE FOR THE YEAR OF 2018

Consolidated Financial Statements	2017	2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%
Total Revenue ^{/1}	12,410.0	11,622.2	(787.8)	(6.3%)
Total Cost	5,001.5	4,631.8	(369.8)	(7.4%)
Gross Profit ^{/2}	6,475.5	6,232.8	(242.8)	(3.7%)
Net Profit	3,266.4	2,906.8	(359.6)	(11.0%)
Normalized Total Revenue ^{/3}	11,836.1	11,638.0	(198.0)	(1.7%)
Normalized Net Profit ^{/3}	2,864.7	2,917.9	53.2	1.9%

^{/1} Including other income and share of profit from investments in associates and JVs

^{/2} Gross profit including share of profit from investments in associates and JVs

^{/3} Excluding FX impact and one-time gain/(loss) items

During 2018, the Company had reported net profit of THB 2,906.8 mm, which decreased by THB 359.6 mm or 11.0%, compared to the same period of the last year. If excluding FX impact and one-time loss items, the normalized net profit increased by THB 53.2 mm or 1.9%. Such impact from FX losses was only accounting implication and did not affect the Company's cash flow or its operating performance.

KEY HIGHLIGHTS

- Total revenue and share of profit from investments in associates decreased by 6.3%. However, if excluding the FX impact and one-time loss items, normalized total revenue and share of profit from investments in associates decreased by 1.7%, mainly from lower land transfer. Notwithstanding, the Company had a large number of backlog of 654 rais as of ended 2018. Such impact from FX losses was only accounting implication and did not affect the Company's cash flow or its operating performance.
- Share of profit from investments in power associates increased by 6.2%. However, if excluding the FX impact and one-time loss items, normalized share of profit from associates and joint ventures in power business increased by 52.5%, as a result of higher revenue from GHECO-One, compared to the previous year that had a planned maintenance. Moreover, there has also been a completion of COD of 5 SPPs since the second quarter of 2017, adding the Company's Equity MW under operation to 521 MW ended 2018.

- Finance costs decreased by 27.0%, mainly from significant decrease in cost of fund as a result of the issuance of debentures with lower coupon rate, and partial utilization of short-term instruments from financial institutions.

PERFORMANCE BY BUSINESS

Rental Properties Business

	2017	2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%
Rental Revenue	1,118.2	1,025.3	(92.9)	(8.3%)
Gross Profit	672.9	485.8	(187.2)	(27.8%)
Gross Profit Margin	60.2%	47.4%		
GPM before adjustment with PPA	61.1%	47.9%		
Revenue from Sale of Investment Properties	3,079.3	3,005.6	(73.8)	(2.4%)
Gross Profit	1,310.9	1,225.3	(85.5)	(6.5%)
Gross Profit Margin	42.6%	40.8%		
GPM before adjustment with PPA	44.2%	51.4%		
Share of Profit from JV's Sale of Investment Properties	-	463.9	463.9	n.a.

1. Rental and Service Income

- **Rental and service income from warehouses, distribution centers and factories** for 2018 stood at THB 1,025.3 mm which decreased by THB 92.9 mm or 8.3% from the same period of previous year. The main reason was due to the asset monetization to WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (WHART) and HREIT in the late 2017 and the beginning of 2018 respectively, thereby reducing the leasable area.
- **Gross profit from rental and service of warehouses, distribution centers and factories** for 2018 stood at THB 485.8 mm, which decreased by THB 187.2 mm or 27.8% from the same period of previous year because of decrease in leasable area from asset monetization to WHART and HREIT in the late 2017 and the beginning of 2018 respectively. The gross profit margin for 2018 was 47.4%. This gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. However, the genuine gross margin in was 47.9% which decreased from 61.1% in 2017. The decrease in genuine gross margin, compared to the same period of last year, was mainly due to change in product mix between Built-to-Suit and Ready-built facilities.

2. Sale of Investment Properties

- **Income from sale of investment properties** during 2018 was THB 3,005.6 mm, which decreased by 73.8 mm or 2.4%, compared to the same period of previous year, mainly because some asset monetization to WHART was under joint venture companies, which was recognized in form of share of profit from joint venture, totaling of THB 463.9 mm.
- **Gross profit from sale of investment properties** during 2018 was THB 1,225.3 mm, which decreased by THB 85.5 mm or 6.5%, compared to the same period of pervious year, mainly due to decrease of income from sale of investment properties as mentioned before. The gross profit margin has decreased

from 42.6% in 2017 to 40.8% in 2018. However, this gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. Therefore, the genuine gross margin in 2018 was 51.4%.

Industrial Development Business

	2017	2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%
Revenue	3,210.8	2,124.9	(1,085.9)	(33.8%)
Gross Profit	1,639.9	1,066.4	(573.4)	(35.0%)
Gross Profit Margin	51.1%	50.2%		
GPM before adjustment with PPA	56.6%	60.2%		

Income from sales of real estate for 2018 was THB 2,124.9 mm which decreased by THB 1,085.9 mm or 33.8% from the same period of previous year, because of the lower in land transfer, compared to the same period of last year. However, with the pre-sale of industrial land during the fourth quarter of 2018 alone up to 746 rais, totaling 976 rais for the whole year, the Company had a large number of backlog of 654 rai as of ended 2018.

Gross profit from sale of real estate for 2018 was THB 1,066.4 mm which decreased by THB 573.4 mm or 35.0%, compared to last year, mainly due to the lower land transfer as mentioned before. The gross profit margin was 50.2%. However, this gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. Therefore, the genuine gross margin was 60.2% which improved from 56.6% in 2017, mainly due to the lower cost of land transfer and the increase in selling price.

Utilities & Power Business

	2017	2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%
Revenue	2,075.2	2,096.2	21.0	1.0%
Gross Profit	899.1	896.3	(2.8)	(0.3%)
Gross Profit Margin	43.3%	42.8%		
GPM before adjustment with PPA	46.6%	46.0%		
Share of Profit from Investments in Power Associates	1,926.5	2,046.4	119.9	6.2%
- Normalized Share of Profit from Investments in Power Associates	1,352.6	2,062.2	709.7	52.5%
- FX Gain/(Loss)	573.9	55.4	(518.5)	(90.4%)
- One-time Gain/(Loss) Items	-	(71.2)	(71.2)	n.a.

Utilities income for 2018 was THB 2,096.2 mm, which increased by THB 21.0 mm or 1.0%, compared to the same period of previous year. However, if excluding the excessive charge considered as one-off item, the utilities income in 2018 increased by THB 130.5 mm or 6.7% growth, compared to the same period of previous year. This was mainly from higher water demand from completion of COD of 5 SPPs since the second quarter of 2017 until the first quarter of 2018, together with the increase in demand of existing customers.

Gross profit from utilities services for 2018 was THB 896.3 mm which decreased by THB 2.8 mm or 0.3% from the same period of previous year. The gross profit margin for 2018 was 42.8%. This gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. Therefore, the genuine gross margin was 46.0% which decreased from 46.6% in 2017, mainly from the significant decrease in the excessive charge considered as one-off item.

Share of Profit from Investments in Associates from Power Business for 2018 was THB 2,046.4 mm which increased by THB 119.9 mm or 6.2%, compared to the same period of previous year. However, if excluding the FX impact and one-time loss items, normalized share of profit from associates and joint ventures in power business increased by 52.5%, as a result of higher revenue from GHECO-One compared to the previous year that had a planned maintenance. Moreover, there has also been a completion of COD of 5 SPPs since the second quarter of 2017, adding the Company's Equity MW under operation to 521 MW ended 2018. Such impact from FX losses was only accounting implication and did not affect the Company's cash flow or its operating performance.

Other Income

	2017	2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%
Dividend and Management income	471.6	399.6	(72.0)	(15.3%)
Others	461.3	358.0	(103.3)	(22.4%)
Total other income	932.9	757.7	(175.2)	(18.8%)

Other income for 2018 stood at THB 757.7 mm which decreased by THB 175.2 mm or 18.8% from the same period of previous year. The breakdowns are the details below:

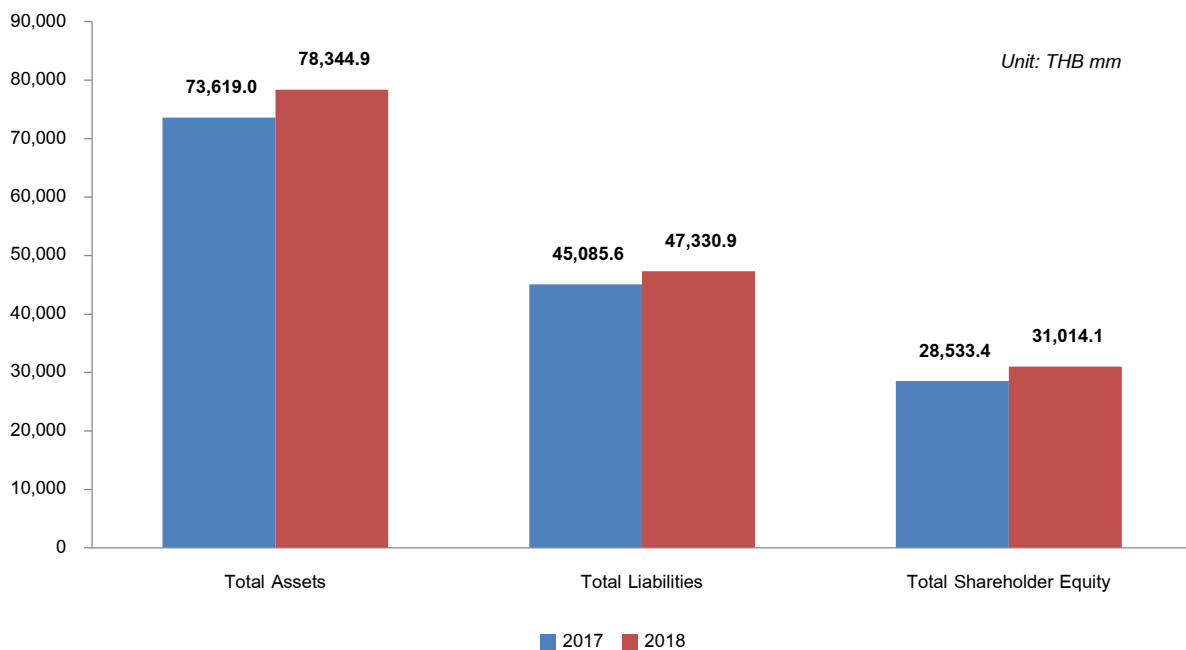
- **Dividend and management income** for 2018 was THB 399.6 mm which decreased by THB 72.0 mm or 15.3% from the same period of previous year, mainly because cash distribution from HREIT was in the form of capital reduction which cannot be recognized as dividend income.
- **Other income** comprised of interest income, gain from sale of short-term investments and other income totaling for 2018 stood at THB 358.0 mm which decreased by THB 103.3 mm or 22.4% from the same period of previous year, because the Company realized the revenue from right of way charged in industrial estates totaling of THB 208.7 mm in the third quarter of 2017.

Expenses analysis

	2017	2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%
Selling expense	317.2	231.1	(86.1)	(27.1%)
Administrative expense	1,385.2	1,376.6	(8.6)	(0.6%)
Finance costs	1,616.5	1,179.3	(437.2)	(27.0%)
Total expenses	3,318.9	2,787.1	(531.8)	(16.0%)

- **Selling expense** for 2018 stood at THB 231.1 mm which decreased by THB 86.1 mm or 27.1% from the same period of previous year, mainly due to lower land transfer compared to the same period of previous year.
- **Administrative expense** for 2018 stood at THB 1,376.6 mm which decreased by THB 8.6 mm or 0.6%, compared to the same period of last year, mainly due the impairment of asset, arising from the asset that was sold below its fair value recorded as the book value of asset, according to the accounting standard, while there was no impairment of asset during 2018.
- **Finance costs** for 2018 stood at THB 1,179.3 mm which decreased by THB 437.2 mm or 27.0% from the same period of previous year, mainly from significant decrease in cost of fund as a result of the issuance of debentures with lower coupon rate, and partial utilization of short-term instruments from financial institutions.

FINANCIAL POSITION



The changes in Consolidated Balance Sheet as of 31 December 2018 are summarized as follows.

Assets

As of 31 December 2018, the Company had total assets of THB 78,344.9 mm, which increased by THB 4,726.0 mm from THB 73,619.0 mm as of 31 December 2017. The main reasons are as follows:

1. Increase in investments in associates of THB 1,977.2 mm due to raising of share of profit from investments in associates and capital increase in associates proportionately.
2. Increase in investments in joint ventures of THB 560.4 mm, due to capital increase in joint ventures proportionately.
3. Increase in investment available-for-sale of THB 946.4 mm, mainly from reinvestment in WHART to maintain 15% stake and increase in market capitalization of REITs after the market price increased during this period.

4. Increase in short-term investment of THB 237.6 mm, mainly from investment in mutual fund for cash management.
5. Increase in other long-term investment (net) of THB 197.6 mm, mainly because the Company invested in Supernap (Thailand) Company Limited during the second quarter of 2018.
6. Increase in other non-current asset (net) of THB 553.8 mm, mainly due to advance payment for the land to develop projects.
7. Decrease in short-term loan to related parties of THB 177.2 mm, because of having loan repayment from the associates in power business.
8. Decrease in non-current assets held for sale of THB 835.2 mm due to asset monetization to HREIT on 4 January 2018 and the sale of factory and land to customer, resulting in the decrease of non-current assets held for sale by THB 835.2 mm.

Liabilities

As of 31 December 2018, the Company had total liabilities of THB 47,330.9 mm, which increased by THB 2,245.3 mm from THB 45,085.6 mm as of 31 December 2017. Besides, if considering the interest-bearing debt, it amounted THB 36,380.5 mm, increased by THB 1,982.0 mm from THB 34,398.5 mm. The main reasons are as follows:

1. Decrease in short-term loan from financial institutions of THB 168.2 mm, mainly due to short-term loan repayment of THB 5,810.0 mm during this period, however the Company has issued B/E or P/N totaling of THB 5,640.0 mm.
2. Decrease in long-term loan from financial institutions of THB 3,936.9 mm, mainly due to the refinancing, amounting of THB 4,000.0 mm by bond issuance.
3. Decrease in other current liabilities of THB 46.9 mm, due to the decrease in accrued withholding tax.
4. Increase in debentures (net) of THB 6,087.1 mm, mainly due to bond issuance of THB 11,800.0 mm during this period, however the Company has repaid expired bond totaling of THB 5,560.0 mm as well.

Shareholder's equity

As of 31 December 2018, the Company had total shareholder's equity of THB 31,014.1 mm, which increased by THB 2,480.7 mm from THB 28,533.4 mm as of 31 December 2017, mainly from increase in retained earnings as Company's performance during this period.

Cash flow analysis

	2017	2018
	THB mm	THB mm
Net cash generated (used in) from operating activities	1,760.6	422.7
Net cash generated (used in) from investing activities	2,144.2	354.4
Net cash generated (used in) from financing activities	(4,596.6)	477.5
Net increase in cash and cash equivalents	(691.9)	1,254.6
Cash and cash equivalents - ending balance	1,919.7	3,172.2

1. Cash flows from operating activities

The Company had cash inflows (outflows) from operating activities for 2018 was THB 422.7 mm which decreased of inflow by THB 1,338.0 mm, compared to same period of previous year, mainly from decrease in dividend received and advance payment for the land to develop projects.

2. Cash flows from investing activities

The Company had cash inflows (outflows) from investing activities 2018 was THB 354.4 mm, which decreased of inflow by THB 1,789.7 mm, compared to same period of previous year, mainly from the decrease in net cash proceeds from sale of short-term investments.

3. Cash flows from financing activities

The Company had cash inflows (outflows) from financing activities for 2018 was THB 477.5 mm, which increased in inflow by THB 5,074.2 mm, compared to same period of previous year, mainly resulting from increasing of net cash proceeds from bond issuance and decrease in dividend paid to shareholder.

Please be informed accordingly.

Sincerely yours,

WHA Corporation Public Company Limited

(Mr. Arttavit Chalernsaphayakorn)

Chief Financial Officer