

**SECTION 3**  
**FINANCIAL PERFORMANCE**

**13. FINANCIAL HIGHLIGHTS**

**FINANCIAL STATEMENTS**

**13.1 Summary of Audit Report during a past 3 years**

Ernst & Young Office Limited is the Independent Auditor who audited Keppel Thai Properties Public Company Limited (the “Company”)’s consolidated and separate financial statements for the year ended 2011, 2012 and 2013.

**Auditor’s report for the year ended 2011**

The consolidated and the separate financial statements of Keppel Thai Properties Public Company Limited for the year ended 31 December 2011 are prepared in accordance with Thai Financial Reporting Standards and with unqualified auditor’s opinion. The auditors draw attention to a few revised and new accounting standards as issued by the Federation of Accounting Professions, and adopted by the Company in the preparation and presentation of its financial statements.

**Auditor’s report for the year ended 2012**

The consolidated and the separate financial statements of Keppel Thai Properties Public Company Limited for the year ended 31 December 2012 are prepared in accordance with Thai Financial Reporting Standards and with unqualified auditor’s opinion.

**Auditor’s report for the year ended 2013**

The consolidated and the separate financial statements of Keppel Thai Properties Public Company Limited for the year ended 31 December 2013 are prepared in accordance with Thai Financial Reporting Standards and with unqualified auditor’s opinion. The auditors draw attention to the Company’s voluntary change in accounting policy for investment properties from cost to the fair value method and the adoption of Thai Accounting Standard 12 Income Taxes.

### 13.2 Financial Highlights

Keppel Thai Properties Public Company Limited and its Subsidiaries

		31 December 2012 (Restated)	31 December 2011 (Old Report)
	Unit		
Total Assets	Million Baht	1,741.3	1,335.1
Total Liabilities	Million Baht	1,524.8	1,090.5
Total Shareholders' Equity	Million Baht	216.6	244.6
Net Tangible Assets for the year	Million Baht	279.4	256.9
<b>Liquidity Ratio</b>			
Current Ratio	Times	1.27	1.38
Quick Ratio	Times	0.03	0.03
<b>Financial Policy Ratio</b>			
Debt Equity Ratio	Times	7.04	4.46

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	Unit	2013	2012 (Restated)	2011 (Old Report)
Total Revenues	Million Baht	<b>148.8</b>	165.8	153.9
Total Expenses	Million Baht	<b>274.6</b>	199.3	233.5
Profit / (Loss) before finance cost and tax	Million Baht	<b>(125.9)</b>	(33.5)	(79.6)
Net Profit / (Loss) for the year	Million Baht	<b>(167.8)</b>	(91.5)	(133.1)
Total Number of Listed Shares	Million Shares	<b>220.0</b>	220.0	220.0
Net Profit / (Loss) per share for the year	Baht	<b>(0.76)</b>	(0.42)	(0.61)
<b>Profitability Ratio</b>				
Gross Profit Margin	%	<b>18.89</b>	26.86	21.91
Net Profit Margin	%	<b>(112.81)</b>	(55.20)	(86.49)
Return on Equity	%	<b>(55.83)</b>	(21.28)	(42.76)
<b>Efficiency Ratio</b>				
Return on Total Assets	%	<b>(9.64)</b>	(5.59)	(9.97)
Total Assets Turnover	Times	<b>0.08</b>	0.08	0.11
<b>Financial Policy Ratio</b>				
Interest Coverage Ratio	Times	<b>(6.55)</b>	0.12	1.07

**14. MANAGEMENT DISCUSSION & ANALYSIS (MD&A)**

In 2013, the Company voluntarily changed its accounting policy for investment properties from the cost to the fair value method. The Company reclassified some investment properties to non-current assets held for sale and construction in progress. As a result of the change in accounting policy, the Company restated the consolidated and separate financial statements for the year ended 31 December 2012 and presented consolidated and separate financial statements of financial position as at 1 January 2012 as comparative information. Consequently, total assets increased by Baht 284.8 million or equivalent to 21.33% from Baht 1,335.1 million to Baht 1,619.9 million for 2011. Net tangible assets increased by Baht 231.3 million or equivalent to 90.04% from Baht 256.9 million to Baht 488.2 million for 2011.

In 2013, the Company launched Phase 2 of Villa Arcadia Srinakarin. During the year, the houses were still under construction and they are expected to be transferred to homeowners and recognised as revenue in 2014.

**BUSINESS OPERATIONS****● Income**

Income of the Company and its subsidiaries consist of revenue from rental service income from the office building and sale of land and houses. The Company generated Baht 38.4 million from rental and service income from the office building in 2013. Revenue decreased by Baht 2.2 million or 5.41% from Baht 40.6 million in 2012. The Company has generated revenue from sale of land and houses upon transfer of ownership to buyers. Total revenue from sale of land and houses for 2013 was Baht 108.7 million, an increase of Baht 13.7 million or 14.42% from Baht 95.0 million in 2012. The increase of sale of land and houses was due to the transfer of ownership for remaining completed units of Villa Arcadia Srinakarin Phase 1. For Villa Arcadia Srinakarin Phase 2, land and units under construction sold in 2013 are expected to be transferred and recognised as revenue in 2014.

- **Expenditure**

In 2013, the Company's expenses (excluding tax and interest) was Baht 274.6 million, an increase of Baht 75.3 million or 37.78% compared to Baht 199.3 million in 2012. The Baht 22.7 million increase is attributed to higher cost of goods sold due to an increase in number of units sold. An increase in administrative expenses of Baht 35.8 million was due to the write-off of Baht 22.0 million historical rectification costs, while the increase in Baht 4.5 million is due to exchange loss from foreign currency loans and decrease in fair value on investment properties of Baht 13.7 million.

- **Tax Income Expense**

In 2013, the Company adopted Thai Accounting Standard 12 for Income Taxes. The income tax expenses for year 2013 decreased by Baht 11.1 million from Baht 7.1 million in 2012.

## **FINANCIAL POSITION**

- **Assets**

The Company's total assets as at end-2013 was valued at Baht 1,741.3 million, an increase of Baht 104.9 million or 6.41% from Baht 1,636.4 million in 2012. Current assets in 2013 was Baht 1,387.7 million an increased of Baht 165.0 million or 13.49% from Baht 1,222.7 million in 2012. The increase was mainly due to Baht 137.3 million of development costs incurred for the construction of Villa Arcadia Srinakarin Phase 2. Total non-current assets was Baht 353.6 million, a decrease of Baht 60.1 million or 14.52% from Baht 413.7 million in 2012, due to the decrease in fair value of investment properties.

- **Liabilities**

The Company's total liabilities as at end-2013 was Baht 1,524.8 million, an increase of Baht 272.9 million or 21.8% from Baht 1,251.9 million in 2012 due to drawdown of short-term loans from financial institutions to develop Villa Arcadia Srinakarin Phase 2. The liquidity ratio in 2013 was 1.27, down from 1.46 in 2012.

- **Shareholder's Equity**

As a result of the change in accounting policy, the Company revised the shareholders' equity to Baht 476.0 million in 2011. As at end-2013, shareholders' equity was Baht 216.6 million, decreased by Baht 167.9 million or 43.67% from Baht 384.5 million in 2012 mainly due to the fair value adjustment of Baht 13.7 million on investment properties. Net loss for 2013 was Baht 167.8 million.

- **Debt to Equity Ratio**

As a result of the change in accounting policy, the debt to equity ratio in 2011 was reduced from 4.46 times to 2.40 times due to the increase in shareholders' equity.

In 2013, debt to equity ratio was 7.04 times, increased from 3.26 times in 2012 as a result of the decrease of fair value on investment properties and net loss from operations.