

SECTION 3 FINANCIAL PERFORMANCE

13. FINANCIAL HIGHLIGHTS

FINANCIAL STATEMENTS

13.1 SUMMARY OF AUDIT REPORT DURING A PAST 3 YEARS

EY 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 2012, 2013 and 2014.

13.1.1 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.

13.1.2 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.

13.1.3 Auditor's report for the year ended 2014

The consolidated and the separate financial statements of Keppel Thai Properties Public Company Limited for the year ended 31 December 2014 are prepared in accordance with Thai Financial Reporting Standards and with unqualified auditor's opinion.

13.2 FINANCIAL HIGHLIGHTS

Keppel Thai Properties Public Company Limited and its Subsidiaries

	UNIT	31 December 2014	31 December 2013	31 December 2012 (Restated)
Total Assets	Million Baht	1,654.6	1,741.3	1,636.4
Total Liabilities	Million Baht	1,506.8	1,524.8	1,251.9
Total Shareholders' Equity	Million Baht	147.7	216.6	384.5
Net Tangible Assets	Million Baht	219.9	279.4	419.9
Liquidity Ratio				
Current Ratio	Times	1.18	1.27	1.46
Quick Ratio	Times	0.03	0.03	0.04
Financial Policy Ratio				
Debt Equity Ratio	Times	10.20	7.04	3.26
	UNIT	2014	2013	2012 (Restated)
Total Revenues	Million Baht	361.1	148.8	165.8
Total Expenses	Million Baht	381.6	274.6	199.3
Loss before finance cost and tax	Million Baht	(20.5)	(125.9)	(33.5)
Net Loss for the year	Million Baht	(68.9)	(167.8)	(91.5)
Total Number of Listed Shares	Million Share	220.0	220.0	220.0
Net Loss per share for the year	Baht	(0.31)	(0.76)	(0.42)
Net Loss per share (of the company) for the year	Baht	(0.26)	(0.64)	(0.31)

13.2 FINANCIAL HIGHLIGHTS (Continue)

	UNIT	2014	2013	2012 (Restated)
Profitability Ratio				
Gross Profit Margin	%	22.25	18.89	26.86
Net Profit Margin	%	(19.08)	(112.81)	(55.20)
Return on Equity	%	(37.83)	(55.83)	(21.28)
Efficiency Ratio				
Return on Total Assets	%	(4.06)	(9.64)	(5.59)
Total Assets Turnover	Times	0.21	0.08	0.08
Financial Policy Ratio				
Interest Coverage Ratio	Times	1.61	(6.55)	0.12

14. MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**Management Discussion and Analysis (MD&A)**

In 2013, Phase Two of Villa Arcadia Srinakarin was well-received and handed over to homebuyers in 2014, contributing to revenue of Baht 309.3 million, an increase of Baht 200.6 million or 184.54% from Baht 108.7 million in 2013. In 2014, the gross profit from the handover of the units was Baht 53.7 million, an increase of 50.7 million or 1,690% from Baht 3.0 million in 2013. The recovering economy in 2014 resulted in an increase of household and government spending, with Thailand's tourism industry seeing healthy improvements over the year. The Company is optimistic that this will continue into 2015 as work progresses on at Villa Arcadia Phase Two.

14.1 BUSINESS OPERATION**a. Income**

Income of the Company and its subsidiaries consists of revenue from rental service of the office building and sale of land and houses. The Company generated Baht 36.9 million from rental service of the office building, a decrease of Baht 1.6 million or 4.16% from Baht 38.5 million in 2013. Revenue of Baht 309.3 million, an increase of 200.6 million or 184.54% from Baht 108.7 million in 2013, was generated from the sale of land and houses and was recognised after homes were handed over to buyers. KTP gained Baht 13.5 million profit from currency exchange from foreign currency loans, an increase of Baht 24.5 million in 2014, as compared to Baht 11.0 million loss incurred in 2013. KTP generated Baht 0.6 million unrealised gain from the value adjustment of investment properties in 2014, an increase of Baht 14.3 million or 104.38% from Baht 13.7 million unrealised loss in 2013.

b. Expenditure

In 2014, the Company expenses (excluding tax and interest) was Baht 381.6 million, an increase of Baht 107.0 million or 38.97% from Baht 274.6 million in 2013. The increase is attributed to higher cost of goods sold and sale expense. The cost of goods sold was Baht 255.5 million, an increase of 149.8 million or 141.72% from Baht 105.7 million. The sale expense was Baht 19.7 million, an increase of Baht 10.1 million or 105.21% from Baht 9.6 million in 2013. In 2014, expense and special business tax expense from transfer of land ownership increased, while administrative expense was Baht 92.7 million, a decrease of Baht 28.2 million or 23.33% from Baht 120.9 million in 2013. A decrease of administrative expense was due to there was inventory written off Baht 22.0 million in administrative last year.

c. Income Tax Expense

In 2014, deferred income tax expense due to the fair value adjustment of investment properties was Baht 0.1 million, an increase of Baht 4.1 million from Baht 4.0 million deferred tax income due to the fair value adjustment of investment properties.

14.2 FINANCIAL POSITION**a. Assets**

KTP's total assets as at end-2014 was Baht 1,654.6 million, a decrease of Baht 86.7 million or 4.98% from Baht 1,741.3 million in 2013. Current assets in 2014 was Baht 1,266.1 million, a decrease of Baht 121.6 million or 8.76% from Baht 1,387.7 million in 2013. A decrease was due to the handover of units in Villa Arcadia Srinakarin Phase Two amounting to Baht 103.3 million. Total non-current assets was Baht 388.5 million, an increase of Baht 34.9 million or 9.87% from Baht 353.6 million in 2013, mainly due to an increase of investment property value of Baht 333.6 million or 7.54% from Baht 310.2 million in 2013. Current assets for sale in 2013 were reclassified as investment properties of non-current assets in 2014.

b. Liabilities

The Company's total liabilities as at end-2014 was Baht 1,506.8 million, a decrease of Baht 18.0 million or 1.18% from Baht 1,524.8 million in 2013, attributable to a decrease of trade accounts payable and other accounts payable from the construction of Villa Arcadia Srinakarin Phase Two. KTP's current ratio was 1.18x, a decrease from 1.27x in 2013.

c. Shareholders' Equity

KTP's shareholders' equity as at end-2014 was Baht 223.7 million, a decrease of Baht 56.3 million or 20.11% from Baht 280.0 million in 2013. The decrease was mainly due to net loss of Baht 56.4 million in 2014.

d. Debt to Equity Ratio

The Company's Debt to Equity Ratio in 2014 was 10.20x, an increase from 7.04x in 2013. The increase was due to an increase of short term loan from financial institutions and a decrease in operation loss. Short-term loan from financial institutions as at end-2014 was Baht 1,023.9 million, an increase of Baht 28.5 million or 2.86% from Baht 995.4 million in 2013. Loss in 2014 resulted a decrease of shareholders' equity of Baht 68.9 million or 31.81% from Baht 216.6 million in 2013 to Baht 147.7 million in 2014.