

## 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 2013, 2014 and 2015.

###### 13.1.1 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.

###### 13.1.2 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.

###### 13.1.3 Auditor's report for the year ended 2015

The consolidated and the separate financial statements of Keppel Thai Properties Public Company Limited for the year ended 31 December 2015 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**[illegible]

**13.2 FINANCIAL HIGHLIGHTS (Continue)**

	UNIT	2015	2014 (Restated)	2013 (Restated)
<b>Profitability Ratio</b>				
Gross Profit Margin	%	25.18	22.25	18.89
Net Profit Margin	%	(27.16)	(18.83)	(112.81)
Return on Equity	%	(83.81)	(37.33)	(55.83)
<b>Efficiency Ratio</b>				
Return on Total Assets	%	(5.16)	(4.00)	(9.64)
Total Assets Turnover	Times	0.18	0.20	0.08
<b>Financial Policy Ratio</b>				
Interest Coverage Ratio	Times	(0.07)	0.83	(6.55)



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

In 2015, KTP incurred additional operating loss of Baht 19.2 million as compared in 2014. This was mainly attributable to increase in foreign currency loss of Baht 22.8 million. During the year, the Company had foreign currency loss of Baht 9.3 million as compared to foreign currency gain of Baht 13.5 million in 2014. In 2015, global markets were weighed down by volatility and slowing growth in emerging markets. The Thailand economy slowed as well, and as a result, KTP sold and handed over fewer units, amounting to Baht 41.2 million. In 2014, revenue from sales of land and houses amounted to Baht 309.3 million, but decreased by 13.3% to Baht 268.1 million in 2015.

However, in 2015, KTP's gross margin from sales of land and houses increased by 1.89% to 19.28%, as compared to 17.38% in 2014. In 2015, rental income generated from Jewellery Centre Building increased by Baht 2.3 million from Baht 36.9 million in 2014 to Baht 39.2 million. In 2015, gross profit margin for rental income increased by 2.34% to 65.58%, as compared to 63.24% in 2014. The Company continues to sell land and houses of Villa Arcadia Srinakarin Phase Two.

**14.1 Operational Results****A. Revenue**

Income of the Company and its subsidiaries consists of revenue from sales of land and houses, as well as rental income from the Jewellery Centre office building. KTP generated Baht 39.2 million rental income from the Jewellery Centre office building in 2015, as compared to Baht 36.9 million in 2014, an increase in Baht 2.3 million, or 6.2%. The Company sold and handed over fewer units, in 2015. Revenue from sales of land and houses in 2015 amounted to Baht 268.1 million, which is a 13.3% decrease as compared to Baht 309.3 million in 2014.

The Company had unrealised fair value gain on its investment properties, amounting to Baht 12 million in 2015 as compared to Baht 0.6 million in 2014, which is an increase of Baht 11.4 million. The Company has higher other income of Baht 1.6 million in 2015, mainly due to the gain from sale of scrap value from the demolition of KTP's granite factory.

**B. Expenses**

In 2015, KTP incurred expenses of Baht 359.5 million, excluding finance cost and income tax, as compared to Baht 380.7 million in 2014, which is a decrease of Baht 21.2 million, or 5.56%. Due to lower sales during the year, cost of sales in 2015 decreased from Baht 255.5 million by Baht 39.1 million, or 15.30% to Baht 216.4 million.



In addition, there was a decrease in sales expenses by Baht 1.5 million, as compared to Baht 19.7 million in 2014, and Baht 18.2 million in 2015 or 7.61%. The decrease in sales expenses was mainly due to lower transfer fee and special business tax of Baht 46.8 million in 2015, as compared to Baht 48.3 million in 2014, which translates to a 3.17% decrease. On the contrary, in 2015, there was an increase in the administrative expenses of Baht 10.2 million to Baht 102.0 million, an 11.10% increase compared to Baht 91.8 million in 2014. The increase was mainly due to the provision for impairment of work-in-progress of Baht 6.1 million. Unrealised foreign currency loss of Baht 9.3 million in 2015 due to strengthening of Singapore dollar on the Singapore dollar currency loan as compared to unrealised foreign currency gain of Baht 13.5 million in 2014.

#### **C. Income Tax Expense**

The deferred income tax from fair value gain on its investment properties amounting to Baht 2.0 million in 2015, which is a Baht 1.9 million increase from Baht 0.1 million in 2014.

### **14.2 Financial Position**

#### **A. Assets**

As at end-2015, KTP had total assets amounting to Baht 1,722.9 million, which is an increase of Baht 68.3 million, or 4.13%, as compared to Baht 1,654.6 million in 2014. KTP's total current assets were valued at Baht 1,317.2 million, which is Baht 51.1 million, or 4.03%, more than Baht 1,266.1 million in 2014. This increase was mainly due to ongoing construction of Villa Arcadia Phase Two, which amounted to Baht 50.0 million, or an increase of 4.09%. Its non-current assets in 2015 amounted to Baht 405.8 million, which is an increase of Baht 17.3 million or 4.45%, from 2014 of Baht 388.5 million. This increase was due to a Baht 12.7 million, or 3.80% increase in the valuation of its investment properties from Baht 333.6 million in 2014, to Baht 346.3 million in 2015.

#### **B. Liabilities**

In 2015, KTP posted total liabilities amounting to Baht 1,662.5 million, which is a Baht 155.7 million, or a 10.33% increase, from Baht 1,506.8 million in 2014. The increase was mainly due to the increase in the short-term loan from a commercial bank for Villa Arcadia Srinakarin Phase Two development which in 2015 increased by Baht 102.1 million or 9.97% to Baht 1,126.0 million, as compared to Baht 1,023.9 million in 2014. As a result, debt to equity ratio in 2015 was 27.54x as compared to 10.20x in 2014.

**C. Shareholders' Equities**

In 2015, KTP posted a total shareholders' equity of Baht 60.4 million, which is a decrease of Baht 87.3 million, or 59.11%, from Baht 147.7 million in 2014. Equity attributable to shareholder of the Company was Baht 156.3 million in 2015, which is 30.13% or Baht 67.4 million less, than Baht 223.7 million in 2014, mainly due to operational loss in 2015.

**D. Gearing Ratio**

KTP's debt to equity ratio in 2015 was 27.54 x as compared to 10.20 x in 2014. This increase was due to the increase in short term loan from a commercial bank which increased by Baht 102.1 million or 9.97% to Baht 1,126.0 million, as compared to Baht 1,023.9 million in 2014, as well as the increase in operational loss which had resulted in the decrease of shareholders' equities by Baht 87.3 million or 59.12% to Baht 60.4 million, as compared to 147.7 million in 2014.