

Management Discussion and Analysis

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 Baht 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.

Business Operation

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 of 184.54% from Baht 108.7 million in 2013, was generated from the sale of land and houses and was recognized 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 unrealized 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 unrealized loss in 2013.

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.

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.

Financial Position

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.

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.

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.

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.