

Management Discussion and Analysis

In 2015, KTP incurred additional operating loss of Baht 19.2 million as compared to 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 Thai 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.

Operational Results

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 6.20%. 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 13.30% decrease as compared to Baht 309.3 million in 2014. The Company had unrealized fair value gain on its investment properties, amounting to Baht 12.0 million in 2015 as compared to Baht 0.6 million in 2014, which is an increase of Baht 11.4 million. The Company has 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.

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. Unrealized 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 unrealized foreign currency gain of Baht 13.5 million in 2014.

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.

Financial Position

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.

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.

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.

Gearing Ratio

KTP's debt to equity ratio in 2015 was 27.54x as compared to 10.20x 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.