Univentures

Ref. UV No. 059/2013
The Registration N0. 0107537001030

8 November 2013

Subject: Explanation on Financial Statements of the 3rd quarter of the year 2013

Dear: Mr. President
The Stock Exchange of Thailand

We, Univentures Public Company Limited ("the Company"), refer to our reviewed financial statements for the three-month period ended 30 September 2013 (Q3/2013) and the financial statements of the same period from last year (Q3/2012). Profit attributable to the owners of the Company shown in our consolidated financial statements of Q3/2013 was Baht 210.7 million, increased by Baht 199.0 million, or 1,701% as compared with that of Q3/2012.

The Company would like to explain the consolidated operating result for Q3/2013, financial position as at 30 September 2013 and cash flows for the nine-month period ended 30 September 2013 as follows:

1. Consolidated statements of comprehensive income

The consolidated statements of comprehensive income of Q3/2013 compared with that of Q3/2012.

Unit : Million Baht	Q3/2013	Q3/2012	Increased (Decreased)	%
Revenue from sale of goods, rendering of services and rental	2,447.3	1,045.5	1,401.8	134%
Cost of sales of goods, rendering of services and rental	1,847.3	811.6	1,035.7	128%
Gross profit	**600.0**	**233.9**	**366.1**	**157%**
Selling and administrative expenses	286.3	128.8	157.5	122%
Operating profit (loss)	**313.7**	**105.1**	**208.6**	**198%**
Other income	21.0	2.8	18.2	650%
Profit (Loss) Sharing from Associated Companies	(14.3)	-	(14.3)	100%
Earning before finance costs and income tax expense	**320.4**	**107.9**	**212.5**	**197%**
Finance costs	100.7	25.8	74.9	290%
Income tax benefit (expense)	(58.4)	(33.9)	(24.5)	72%
Profit (loss) for the periods	**161.3**	**48.2**	**113.1**	**235%**
Other comprehensive income (loss) for the periods, net of income tax	-	-	-	-
Total comprehensive income (loss) for the periods	**161.3**	**48.2**	**113.1**	**235%**

Unit : Million Baht	Q3/2013	Q3/2012	Increased (Decreased)	%
Profit (loss) attributable to:				
Owners of the Company	210.7	11.7	199.0	1,701%
Non-controlling interests	(49.4)	36.5	(85.9)	(235%)

1.1 Revenue from sale of goods, rendering of services and rental for Q3/2013 was Baht 2,447.3 million, which increased by Baht 1,401.8 million or 134% from Q2/2012 because

Real estate business

- Real estate – the revenue from sale of real estate projects in Q3/2013 increased from Q3/2012 by Baht 1,165.7 million or 169%. The increase of the revenue mostly came from the recognition income from room transferred of 877 units, amounting to Baht 1,676.8 million, as compared with total 193 units which amounted to Baht 691.5 million in Q3/12. Besides, the Company recognized revenue from sale of real estate projects of Golden Land Group, totaling Baht 180.5 million.

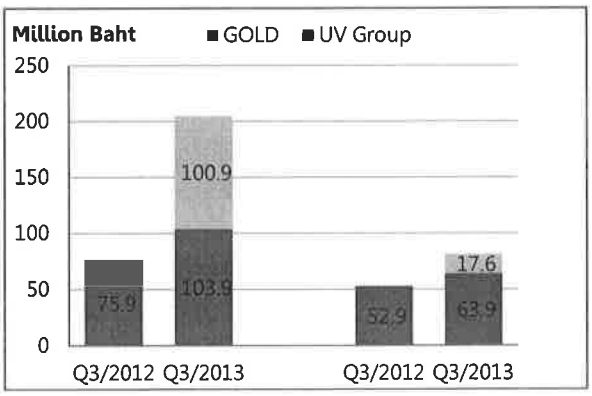
- Office rental – an increase of rental income from Q3/2012 by Baht 259.3 million mainly came from recognition of additional office rental revenue from Golden Land Group amounting to Baht 239.8 million, which was mainly from Sathorn Square project. In addition, the Company recognized the income from renting its office building and retail, Park Ventures Ecoplex, grade "A" office building which was completed in September 2011, of Baht 207.4 million as a result of the average occupancy rate of 85% (This figure was accumulated from January to 30 September 2013). As of 30 September 2013, total office occupancy rate was 95% which included new customers who already signed rental contracts with deposits paid but have not moved in, representing 1% occupancy rate.

Zinc Oxide business

The sale from Zinc Oxide operational business of Baht 261.2 million, which was decreased by Baht 24.2 million or 7% from Q3/2012 because of the decrease of sale volume of Zinc Oxide by 200 ton.

1.2 The gross profit was Baht 600.0 million, which increased from Q3/2012 by Baht 366.1 million or 157% due mainly to the increase of gross profit from real estate business by Baht 280.7 million which was due to the increase of units transferred in condominium projects. Besides, gross profit of office rental business increased by Baht 86.2 million from Q3/2012.

1.3 Selling and administrative expenses



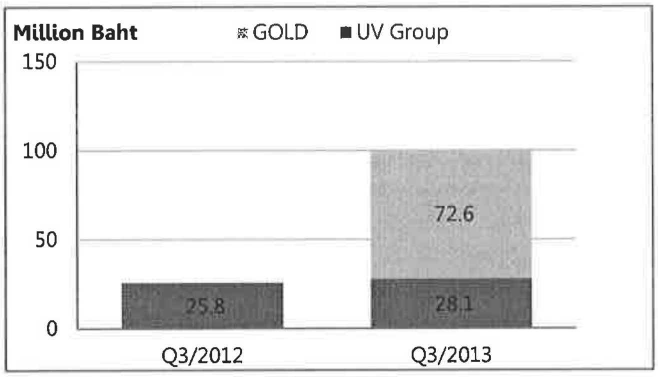
Administrative expenses **Selling expenses**

Selling and administrative expenses totaled Baht 286.3 million, which increased by Baht 157.5 million or 122% from Q3/2012. From the chart above, the figures show that the expenses mainly increased from;

- Administrative expense, which increased by Baht 128.9 million from Q3/2012. This increase mainly came from administrative expense of Golden Land Group, totaling Baht 100.9 million from business combination. In addition, administrative expense of Univentures Group, increased from Q3/2012 by Baht 28.0 million to Baht 103.9 million. The growth of Univentures Group's expenditure resulted from personnel expense which increased in the same direction as the increase in target income for year 2013 and a growth of number of projects.

- Selling expense for Q3/2556 increased by Baht 28.6 million when compared the same period of the previous year. The increase was due to selling expenses of Golden Land Group, totaling Baht 17.6 million from business combination. In addition, an increase of transferred fee which reflected the increase of units transferred in condominium projects in Q3/2013.

1.4 Finance cost



Finance cost

Finance costs were Baht 100.7 million, which increased by Baht 74.9 million or 290% from Q3/2012, mainly from finance costs of Golden Land Group, totaling Baht 72.6 million from the business combination.

1.5 Income tax expense increased from Q3/2012 by Baht 24.5 million or 72%, mainly as a result of operating results of Q3/2013.

1.6 Profit for the period was Baht 161.3 million, which increased from the same period of previous year by Baht 113.1 million or 235%. This was due to the increase of revenues from condominium project in Q3/2013.

1.7 Total comprehensive income attributable to owners of the Company was Baht 210.7 million (or Baht 0.110 per share), increased by Baht 199.0 million or 1,701% from total comprehensive income attributable to owners of the Company Baht 11.7 million (or Baht 0.015 per share) in Q3/2012.

2. Consolidated statements of financial position

The comparative of consolidated statements of financial position as at 30 September 2013 compared with that as at 31 December 2012.

(Presented only significant items)

Unit : Million Baht	30 September 2013	31 December 2012	Increased (decreased)	%
Assets				
Properties under development	5,457.0	3,198.5	2,258.5	71%
Total current assets	**7,418.3**	**5,605.1**	**1,813.2**	**32%**
Investment in associates	576.2	653.5	(77.3)	(12%)
Investment properties	9,155.8	9,416.8	(261.0)	(3%)
Property, plant and equipment – net	2,746.5	2,693.2	53.3	2%
Prepaid rental	2,422.5	2,440.7	(18.2)	(1%)
Total assets	**22,750.8**	**21,322.4**	**1,428.4**	**7%**
Liabilities				
Bank overdrafts and short-term loans from financial institutions	1,676.8	295.8	1,381.0	467%
Advance from customers	477.7	386.1	91.6	24%
Current portion of long-term loans from financial institutions	1,766.3	2,333.3	(567.0)	(24%)
Current portion of rental received in advance from related party	52.6	52.6	-	0%
Total current liabilities	**5,020.7**	**4,102.2**	**918.5**	**22%**
Long-term loans from financial institutions	3,996.5	3,454.7	541.8	16%
Rental received in advance from related party	1,382.4	1,421.6	(39.2)	(3%)
Long term provisions	1,153.2	1,137.8	15.4	1%
Deferred tax liabilities	519.4	540.7	(21.3)	(4%)
Total non-current liabilities	**7,739.2**	**7,208.8**	**530.4**	**7%**
Total liabilities	**12,759.9**	**11,311.0**	**1,448.9**	**13%**
Equity attributable to owners of the Company	7,068.3	7,089.3	(21.0)	(0.3%)
Non-controlling interests	2,922.6	2,922.1	0.5	(0.0%)
Total equity	**9,990.9**	**10,011.4**	**(20.5)**	**(0.2%)**
Total liabilities and equity	**22,750.8**	**21,322.4**	**1,428.4**	**7%**

2.1 Assets

As at 30 September 2013, the assets of the Company amounted to the total of Baht 22,750.8 million, which represented an increase of Baht 1,428.4 million from that of the end of 2012, or 7%. Main reasons are:

- Current assets increased by Baht 1,813.2 million, or 32%, mostly came from an increase of properties under development, amounting to Baht 2,258.5 million or 71%. However, cash and cash equivalents decreased by Baht 491.6 million from end of year 2012.
- Decreases of investment properties, property, plant and equipment – net and prepaid rental amounted to the total of Baht 225.9 million, mainly resulted from depreciation and amortization for the period.

2.2 Liabilities

As at 30 September 2013, the Company had the total liabilities of Baht 12,759.9 million, an increase of Baht 1,448.9 million, or 13%, from that of the end of 2012. Main reasons are:

- An increase of bank overdrafts and short-term loans from financial institutions, amounting to Baht 1,381.0 million, mainly resulted from being working capital for properties under development.
- Advance received from customers increased by Baht 91.6 million due to an increase of developing condominium projects.

2.3 Equity attributable to owners of the Company

As at 30 September 2013, the equity attributable to owners of the Company amounted to Baht 7,068.3 million. A decrease of Baht 21.0 million from that of the end of the 2012 was mainly caused by the operating result of nine-month period ended 30 September 2013, amounting to Baht 27.6 million. However, the Company paid dividend, which amounted to Baht 42.1 million.

Non-controlling interests amounted to Baht 2,922.6 million, which increased by Baht 0.5 million from that of the end of the 2012, mainly due to exercising warrants from non-controlling interests of a subsidiary, totaling Baht 160.5 million. While the nine-month loss attributable to non-controlling interests amounted to Baht 160.1 million.

3. Consolidated statements of cash flows

The Company's consolidated cash flow statement for the nine-month period ended 30 September 2013 showed a decrease of net cash of Baht 491.6 million, whereby the Company had net cash at beginning of the year brought forward from 2012 of Baht 1,101.6 million, resulting in the net cash at end of the period amounting to Baht 610.0 million. Details of cash flows of each activity are as follows;

	Million Baht
Cash flows from operating activities- before changes in operating assets and liabilities	552.9
Net cash used in operating activities	(1,627.7)
Net cash used in investing activities	(93.8)
Net cash provided by financing activities	1,229.9
Net decrease in cash and cash equivalents - net	**(491.6)**
Cash and cash equivalents at beginning of the period - net	1,101.6
Cash and cash equivalents at end of the period - net	**610.0**

Cash flows came from operating activities before changes in operation assets and liabilities amounted to Baht 552.9 million, which was actual cash flow derived from entire operations of nine-month period ended 30 September 2013, which came from net profit for the period, and non-cash item adjustments from depreciation and deferred items.

Net cash used in operating activities after changes in operation assets and liabilities amounted to Baht 1,627.7 million, which came from cash flow derived from operations and adjusted by changes in operating assets and liabilities. Important items came from spending in real estate project under development of Baht 2,174.6 million, which was regarded as operating assets and shown as part of current assets.

Net cash used in investing activities amounted to Baht 93.8 million, mostly came from a decrease of current investments-fixed deposits, amounting to Baht 74.5 million. However, the Company invested in its fixed assets and prepaid rental expense amounting to Baht 103.8 million and Baht 24.6 million, respectively. In addition, there was an increase of other receivables and short-term loans to related parties amounting to Baht 48.2 million.

Net cash provided by financing activities amounted to Baht 1,229.9 million; mostly resulted from an increase of bank overdrafts and short-term loans from financial institutions, amounting to Baht 1,381.0 million. In addition, an acquisition of non-controlling interests and advances for exercise warrants in a subsidiary, totaling Baht 160.5 million while the Company repaid interest expense, amounting to Baht 260.2 million.

In summary, the Company has strong financial position, whether it is in term of liquidity, ratio of debts to shareholders' equity, and rate of returns to shareholders.

Please be informed accordingly.

Yours sincerely,

(Mr. Worawat Srisa-an)
President