Univentures

Ref. UV No. 046/2013
The Registration N0. 0107537001030

8 August 2013

Subject: Explanation on Financial Statements of the 2nd 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 June 2013 (Q2/2013) and the financial statements of the same period from last year (Q2/2012). Loss attributable to the owners of the Company shown in our consolidated financial statements of Q2/2013 was Baht 111.0 million, decreased by Baht 253.0 million, or 178% as compared with that of Q2/2012.

The Company would like to explain the consolidated operating result for Q2/2013, financial position as at 30 June 2013 and cash flows for the six-month period ended 30 June 2013 as follows:

## 1. Consolidated statements of comprehensive income

The consolidated statements of comprehensive income of Q2/2013 compared with that of Q2/2012.

| Unit : Million Baht | Q2/2013 | Q2/2012 | Increased (Decreased) | % |
|---|---|---|---|---|
| Revenue from sale of goods, rendering of services and rental | 687.7 | 1,092.0 | (404.3) | (37%) |
| Cost of sales of goods, rendering of services and rental | 596.4 | 867.3 | (270.9) | (31%) |
| **Gross profit** | **91.3** | **224.7** | **(133.4)** | **(59%)** |
| Gain on rental under finance lease contract | - | 146.4 | (146.4) | (100%) |
| Selling and administrative expenses | 193.5 | 121.4 | 72.1 | 59% |
| **Operating profit (loss)** | **(122.9)** | **249.7** | **(372.6)** | **(149%)** |
| Other income | 11.3 | 19.2 | (7.9) | (41%) |
| Profit (Loss) Sharing from Associated Companies | (20.7) | - | (20.7) | (100%) |
| **Earning before finance costs and income tax expense** | **(111.6)** | **268.9** | **(380.5)** | **(141%)** |
| Finance costs | 83.3 | 32.4 | 50.9 | 157% |
| Income tax benefit (expense) | 27.8 | (47.8) | 75.6 | (158%) |
| **Profit (loss) for the periods** | **(167.1)** | **188.7** | **(355.8)** | **(189%)** |
| Other comprehensive income (loss) for the periods, net of income tax | - | - | - | - |
| **Total comprehensive income (loss) for the periods** | **(167.1)** | **188.7** | **(355.8)** | **(189%)** |

| Unit : Million Baht | Q2/2013 | Q2/2012 | Increased (Decreased) | % |
|---|---|---|---|---|
| **Profit (loss) attributable to:** | | | | |
| Owners of the Company | (111.0) | 142.0 | (253.0) | (178%) |
| Non-controlling interests | (56.1) | 46.7 | (102.8) | (220%) |

1.1 Revenue from sale of goods, rendering of services and rental for Q2/2013 was Baht 687.7 million, which decreased by Baht 404.3 million or 37% from Q2/2012 because

Real estate business

- Real estate – the revenue from sale of real estate projects in Q2/2013 decreased from Q2/2012 by Baht 718.6 million or 83% which was mainly caused by being no condominium unit transferred in Q2/2013 while there were 440 units, transferred in Q2/2012, amounting to Baht 867.2 million. However the Company recognized revenue from sale of real estate projects of Golden Land Group, totaling Baht 148.4 million.

- Office rental – an increase of rental income from Q2/2012 by Baht 257.2 million mainly came from recognition of additional office rental revenue from Golden Land Group amounting to Baht 216.7 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 124.7 million as a result of the average occupancy rate of 81% (This figure was accumulated from January to 30 June 2013). As of 30 June 2013, total office occupancy rate was 90% which included new customers who already signed rental contracts with deposits paid but have not moved in, representing 4% occupancy rate.

Zinc Oxide business

The sale from Zinc Oxide operational business of Baht 242.8 million, which was increased by Baht 56.4 million or 30% from Q2/2012 because of the increase of sale volume of Zinc Oxide by 1,114 ton.

1.2 The gross profit was Baht 91.3 million, which decreased from Q2/2012 by Baht 133.4 million or 59% due mainly to the decrease of gross profit from real estate business by Baht 232.6 million which was due to the decrease of units transferred in condominium projects. However, gross profit of office rental business increased by Baht 98.3 million from Q2/2012.

1.3 Selling and administrative expenses

Selling and administrative expenses totaled Baht 193.5 million, which increased by Baht 72.1 million or 59% from Q2/2012 which was mainly caused by an inclusion of the expenses of Golden Land Group amounting to Baht 104.5 million which came from the business combination. However, such increase in selling and administrative expenses were subsided by a decrease of special business tax and transferred fee, amounting to Baht 36.2 million, which reflected the decrease of units transferred in condominium projects in Q2/2013.

1.4 Finance costs were Baht 83.3 million, which increased by Baht 50.9 million or 157% from Q2/2012, mainly from finance costs of Golden Land Group, totaling Baht 59.9 million from the business combination.

1.5 Income tax expense decreased from Q2/2012 by Baht 75.5 million or 158%, mainly as a result of operating results of Q2/2013. In addition, the effects of the adoption of TAS 12: Income tax resulted to the requirement to account for deferred tax liabilities and assets in the financial statements. It also led to the recognition of tax benefit.

1.6 Loss for the period was Baht 167.1 million, which decreased from the same period of previous year by Baht 355.8 million or 189%. This was due to the decrease of revenues from real estate business in Q2/2013. In addition, the Company recognized loss from Golden Land Group, amounting to Baht 82.2 million.

1.7 Total comprehensive loss attributable to owners of the Company was Baht 111.0 million (or Baht 0.058 per share), decreased by Baht 253.0 million or 178% from total comprehensive income attributable to owners of the Company Baht 142.0 million (or Baht 0.186 per share) in Q2/2012.

## 2. Consolidated statements of financial position

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

*(Presented only significant items)*

| Unit : Million Baht | 30 June 2013 | 31 December 2012 | Increased (decreased) | % |
|---|---|---|---|---|
| **Assets** | | | | |
| Properties under development | 5,579.8 | 3,198.5 | 2,381.3 | 74% |
| **Total current assets** | **7,458.9** | **5,605.1** | **1,853.8** | **33%** |
| Investment in associates | 603.9 | 653.5 | (49.6) | (8%) |
| Investment properties | 9,291.5 | 9,416.8 | (125.3) | (1%) |
| Property, plant and equipment – net | 2,662.7 | 2,693.2 | (30.5) | (1%) |
| Prepaid rental | 2,416.1 | 2,440.7 | (24.6) | (1%) |
| **Total assets** | **22,916.6** | **21,322.4** | **1,594.2** | **7%** |
| **Liabilities** | | | | |
| Bank overdrafts and short-term loans from financial institutions | 1,418.4 | 295.8 | 1,122.6 | 379% |
| Advance from customers | 577.4 | 386.1 | 191.3 | 50% |
| Current portion of long-term loans from financial institutions | 2,660.1 | 2,333.3 | 326.8 | 14% |
| Current portion of rental received in advance from related party | 52.6 | 52.6 | - | - |
| **Total current liabilities** | **5,704.4** | **4,102.2** | **1,602.2** | **39%** |
| Long-term loans from financial institutions | 3,667.6 | 3,454.7 | 212.9 | 6% |
| Rental received in advance from related party | 1,395.4 | 1,421.6 | (26.2) | (2%) |
| Long term provisions | 1,150.4 | 1,137.8 | 12.6 | 1% |
| Deferred tax liabilities | 524.6 | 540.7 | (16.1) | (3%) |
| **Total non-current liabilities** | **7,405.2** | **7,208.8** | **196.4** | **3%** |
| **Total liabilities** | **13,109.6** | **11,311.0** | **1,798.6** | **16%** |
| Equity attributable to owners of the Company | 6,864.1 | 7,089.3 | (225.1) | (3%) |
| Non-controlling interests | 2,942.9 | 2,922.1 | 20.7 | 1% |
| **Total equity** | **9,807.0** | **10,011.4** | **(204.4)** | **(2%)** |
| **Total liabilities and equity** | **22,916.6** | **21,322.4** | **1,594.2** | **7%** |

## 2.1 Assets

As at 30 June 2013, the assets of the Company amounted to the total of Baht 22,916.6 million, which represented an increase of Baht 1,594.2 million from that of the end of 2012, or 7%. Main reasons are:

- Current assets increased by Baht 1,853.8 million, or 33%, mostly came from an increase of properties under development, amounting to Baht 2,381.4 million or 74%. However, cash and cash equivalents decreased by Baht 549.5 million from end of year 2012.
- Decreases of investment properties, property, plant and equipment – net and prepaid rental amounted to the total of Baht 180.5 million, mainly resulted from depreciation and amortization for the period.

## 2.2 Liabilities

As at 30 June 2013, the Company had the total liabilities of Baht 13,109.6 million, an increase of Baht 1,798.7 million, or 16%, 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 1,122.6 million, mainly resulted from being working capital for properties under development.
- Advance received from customers increased by Baht 191.3 million due to an increase of on-going condominium projects.
- An increase of loan term loans from financial institutions-net amounted to Baht 539.7 million, which was caused by loan drawdown of condominium projects.
- A decrease of account payable amounted to Baht 60.9 million.

## 2.3 Equity attributable to owners of the Company

As at 30 June 2013, the equity attributable to owners of the Company amounted to Baht 6,864.1 million. A decrease of Baht 225.1 million, or 3% from that of the end of the 2012 was caused by the operating result of six-month period ended 30 June 2013, amounting to Baht 183.1 million. Besides, the Company paid dividend, which amounted to Baht 42.1 million.

Non-controlling interests amounted to Baht 2,942.9 million, which increased by Baht 20.7 million, or 1% from that of the end of the 2012, mainly due to exercising warrants from non-controlling interests of a subsidiary, totaling Baht 131.4 million. While the six-month loss attributable to non-controlling interests amounted to Baht 110.7 million.

### 3. Consolidated statements of cash flows

The Company's consolidated cash flow statement for the six-month period ended 30 June 2013 showed a decrease of net cash of Baht 549.5 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 552.1 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 | 110.1 |
| Net cash used in operating activities | (2,186.2) |
| Net cash used in investing activities | (11.6) |
| Net cash provided by financing activities | 1,648.3 |
| **Net decrease in cash and cash equivalents - net** | **(549.5)** |
| Cash and cash equivalents at beginning of the period - net | 1,101.6 |
| **Cash and cash equivalents at end of the period - net** | **552.1** |

Cash flows came from operating activities before changes in operation assets and liabilities amounted to Baht 110.1 million, which was actual cash flow derived from entire operations of six-month period ended 30 June 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 2,186.2 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 2,306.3 million, which was regarded as operating assets and shown as part of current assets.

Net cash used in investing activities amounted to Baht 11.6 million, mostly came from a decrease of current investments-fixed deposits, amounting to Baht 74.7 million. However, the Company invested in its fixed assets amounting to Baht 60 million. In addition, there was an increase of other receivables and short-term loans to related parties amounting to Baht 32.8 million.

Net cash provided by financing activities amounted to Baht 1,648.3 million; mostly resulted from an increase of bank overdrafts and short-term loans from financial institutions and long term loans from financial institutions, amounting to Baht 1,416.6 million and Baht 955.0 million, respectively. In addition, an acquisition of non-controlling interests and advances for exercise warrants in a subsidiary, totaling Baht 180.5 million while the Company repaid interest expense, short term loans and long term loans from financial institutions, amounting to Baht 158.6 million, Baht 294.0 million and Baht 415.3 million, respectively.

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