Univentures

Ref. UV No. 007/2014
The Registration N0. 0107537001030

25 February 2014

Subject: Explanation on Financial Statements of the year ended 31 December 2013

Dear: Mr. President
The Stock Exchange of Thailand

We, Univentures Public Company Limited ("the Company"), refer to our audited financial statements of the years ended 31 December 2013 and 2012. Profit attributable to the owners of the Company for the year ended 31 December 2013 shown in our consolidated financial statements of the year 2013 was Baht 175.3 million, decreased by Baht 74.1 million, or 29.7% compared to the previous year.

The Company would like to explain the consolidated operating result and financial position as of 31 December 2013 as follows:

1. Consolidated statements of comprehensive income

The consolidated statements of comprehensive income for the year ended 31 December 2013 compared with last year ended 31 December 2012.

Unit : Million Baht	2013	2012	Increased (Decreased)	%
Revenue from sale of goods, rendering of services and rental	6,083.4	4,408.1	1,675.3	38.0
Cost of sales of goods, rendering of services and rental	4,823.7	3,490.3	1,333.4	38.2
Gross profit	**1,259.7**	**917.8**	**341.9**	**37.3**
Gain on finance lease contract	-	169.0	(169.0)	(100.0)
Selling and administrative expenses	1,021.8	544.7	477.1	87.6
Operating profit	**237.9**	**542.1**	**(304.2)**	**(56.1)**
Other income	177.8	110.0	67.8	61.6
Earning before finance costs and income tax expense	**415.7**	**652.1**	**(236.4)**	**(36.3)**
Finance costs	354.3	141.2	213.1	150.9
Income tax expense	54.7	109.5	(54.8)	(50.0)
Profit for the year	**6.7**	**401.4**	**(394.7)**	**(98.3)**
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	**6.7**	**401.4**	**(394.7)**	**(98.3)**
Profit attributable to:				

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Unit : Million Baht	2013	2012	Increased (Decreased)	%
Owners of the Company	175.3	249.4	(74.1)	29.7
Non-controlling interests	(168.6)	152.0	(320.6)	210.9

1.1 Revenue from sale of goods, rendering of services and rental for year 2013 was Baht 6,083.4 million, increased by Baht 1,675.3 million or 38% from previous year. Revenue contributors were from Sale of real estate projects 62%, from Office rental 20%, and from Zinc Oxide business 17%.

Real Estates Business

- Sale of real estate projects - For the year 2013, revenue from sale of real estate projects was Baht 3,744.9 million, increased from last year by Baht 603.1 million or 19%. The recognition of revenue derived from 8 real estate projects. Four projects were high-rise worth 83% of total revenue from sale of real estate while four remaining projects were low-rise worth 17% of total revenue from sale of real estate.

- Office rental – Revenue from office rental in year 2013 was Baht 1,201.4 million, increased from last year by Baht 961.03 million or 400%. Main contributors of office rental revenue was from Park Ventures Ecoplex, the office grade "A" building that provided rental revenue of Baht 253.9 million. As of 31 December 2013, customers who have signed contract with deposit paid contributed 99% occupancy rate. In addition, the Company recognized additional office rental revenue from Golden land group Baht 947.6 million.

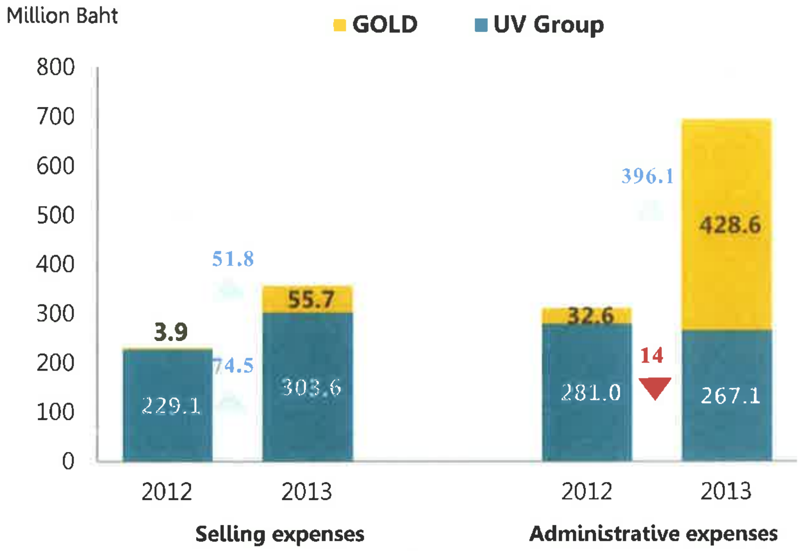
Zinc Oxide Business

The revenue from Zinc Oxide business was Baht 1,056.7 million, slightly increased from the previous year by Baht 9.9 million or 1% due to the increase in sale volume by 1,200 ton with the average sale price of 1,906 USD per ton.

1.2 Gross profit was Baht 1,259.7 million which equaled to 21% gross profit ratio. Compared to previous year, gross profit ratio was unchanged. Gross profit from sale of real estate was Baht 831.92 million or 22% while gross profit from office rental was Baht 331.6 million or 28%. For zinc oxide business, gross profit was Baht 64.30 million, or 6%.

1.3 For the year 2013, there is no gain on rental under finance lease contract since the last year's gain was the one time off. According to Thai Accounting Standard No. 17 (revised 2009): Lease, this rental agreement is classified as financial lease. After the Company has transferred the lease space for the operation of a hotel business to TCC Luxury Hotels and Resort Co., Ltd. (lessee) and have already recognized revenue from rental under financial lease contract of Baht 1,012.1 million with relevant cost of rental under finance lease contract of Baht 843.1 million at transfer date resulting in having gain on rental under finance lease contract of Baht 169.0 million in the year 2012.

1.4 Selling and administrative expenses were Baht 1,021.8 million, increased by Baht 477.1 million from the previous year, or 87.6 %. The details are as follows:



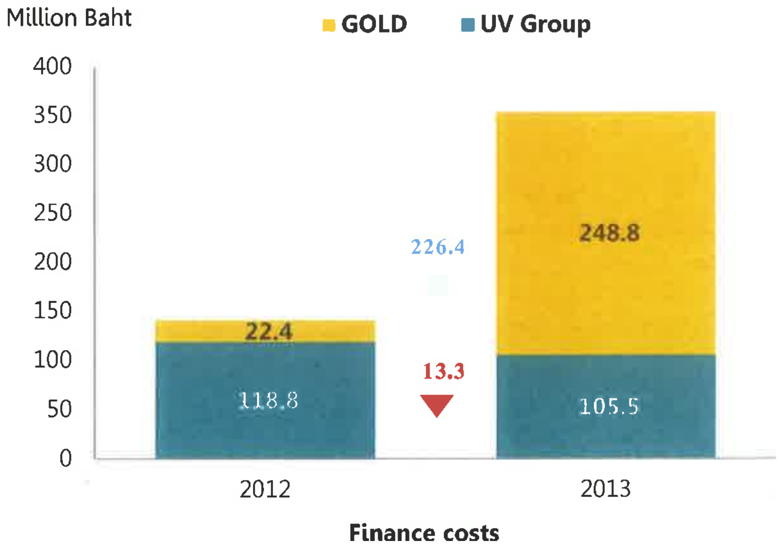
- For the year 2013, administrative expenses increased Baht 382.1 million. The major factor was due to higher administrative expenses of Golden Land Group in amount of Baht 396.1 million after the business acquisition. In contrary, administrative expenses of Univentures Group declined by Baht 14 million compared to previous year.

- For the year 2013, selling expenses increased Baht 126.3 million. Main contributors are from higher selling expenses of Golden Land Group in amount of Baht 51.8 million after the business acquisition. In addition, the selling expenses of Univentures Group increased by Baht 74.5 million. The increase in selling expenses was in line with the increase in revenue.

  For the year 2013, the share of profit of equity-accounted associate was Baht 33.15 million, up from previous year Baht 31.2 million.

1.5 Other income was Baht 177.82 million, increased by Baht 67.8 million or 61.6% from last year mainly due to gain from sale of land Baht 112.76 million.

1.6 Finance costs were Baht 354.3 million, increased by Baht 213.1 million or 150.9% from last year. The major factor was due to higher financial costs from Golden Land Group Baht 226.4 million after the business acquisition. In contrary, financial costs from Univentures Group declined by Baht 13.3 million compared to previous year.



1.7 Income tax was Baht 54.7 million, decreased by Baht 54.8 million or 50% compared to last year in line with lower earning before tax.

1.8 Profit for the year was Baht 6.7 million, down from the previous year by Baht 394.7 million or 98.3% mainly due to the absence of gain on rental under finance lease contract, higher selling and administrative expenses, and higher financial costs after the business acquisition with Golden Land Group.

1.9 Total comprehensive income attributable to owners of the Company was Baht 175.3 million decreased by Baht 74.1 million or 30% from Golden Land's operation loss. However, considered Univentures Group performance (Exclude Gold), total comprehensive income attributable to owners increased from last year Baht 72.3 million.

Unit : Million Baht	2013	2014	Change	%
Profit attributable to owners of the company				
Profit attributable to owners of the company – Normal operation	**175.3**	**67.5**	**107.8**	**160%**
Gain on rental under finance lease contract	-	169.0	(169.0)	(100%)
Profit attributable to owners of the company	**175.3**	**249.4**	**74.1**	**(30%)**

2.Consolidated statements of financial position

The comparative of consolidated statements of financial position as of 31 December 2013 and 2012

(Presented only significant items)

Unit : Million Baht	31 December 2013	31 December 2012	Increased (decreased)	%
Assets				
Properties under development	5,400.5	3,198.5	2,202.0	68.8
Total current assets	**7,141.7**	**5,606.0**	**1,535.7**	**27.4**
Investment in associates	91.7	89.9	1.8	2.0
Investment properties	8,727.4	9,681.7	(954.3)	(9.9)
Property, plant and equipment – net	2,257.6	2,201.5	56.1	2.5
Prepaid rental	2,092.1	2,119.3	(27.2)	(1.3)
Total assets	**20,860.6**	**20,159.2**	**701.4**	**3.5**
Liabilities				
Short-term loans from financial institutions	2,157.6	295.8	1,861.8	629.4
Advance from customers	253.3	386.1	(132.8)	(34.4)
Current portion of long-term loans from financial institutions	585.9	2,333.3	(1,747.4)	(74.9)
Current portion of rental received in advance from related party	52.6	52.6	-	-
Total current liabilities	**3,794.2**	**3,897.8**	**(103.6)**	**(2.7)**
Long-term loans from financial institutions	4,903.2	3,454.7	1,448.5	41.9
Rental received in advance from related party	1,369.2	1,421.6	(52.4)	(3.7)
Long term provisions	318.4	273.7	44.7	16.3
Tax obligation from acquisition	297.2	314.8	(17.6)	(5.6)
Total non-current liabilities	**7,759.1**	**6,263.0**	**1,496.1**	**23.9**
Total liabilities	**11,553.3**	**10,160.8**	**1,392.5**	**13.7**
Equity attributable to owners of the Company	6,854.5	7,142.6	(288.1)	(4.0)
Non-controlling interests	2,452.7	2,855.7	(403.0)	(14.1)
Total equity	**9,307.3**	**9,998.4**	**(691.1)**	**(6.9)**
Total liabilities and equity	**20,860.6**	**20,159.2**	**701.4**	**3.8**

2.1 Assets

As of 31 December 2013, the assets of the Company were Baht 20,860.6 million, increased from previous year by Baht 701.4 million, or 3.5 %. Main reasons are:

- Current assets increased by Baht 1,535.7 million, or 27.4%, consequently resulted from a decrease of cash and cash equivalents by Baht 604.1 million offsetting with an increase of properties under development amounting to Baht 2,202.0 million and increase of land deposits-real estate project under develop amounting to Baht 64.5 million.
- A decrease of investment properties, amounting to Baht 954.3 million, or 9.9%, mainly resulted from sale of land in amount of Baht 587.2 million from Univentures Group and reduction of investment properties from Golden Land Group in amount of Baht 216.5 million.
- Property, plant and equipment slightly increased from the previous year amounting to Baht 56.1 million, or 2.5%, mainly due to more acquisition of property, plant and equipment in amount of Baht 139.6 million while depreciation and amortization also increased Baht 83.54 million.
- A declining of prepaid rental compared to last year, amounting to Baht 27.2 million, or 1.3% which resulted from pre-paid rental amortization amounting to Baht 81.2 million and increase of prepaid rental, amounting to Baht 54.0 million.

2.2 Liabilities

As of 31 December 2013, total liabilities were Baht 11,553.3 million, up from previous year by Baht 1,392.5 million, or 13.7 %. Despite increase of total debt, debt to equity ratio was well-managed at below 1.5 times. For the year 2013, debt to equity ratio was 1.2 times, up from 1.02 in previous year. Main factors contributed to change in liabilities are:

- An increase of short term loans from financial institutions amounting to Baht 1,861.8 million. Despite increase in short-term debt, the company's liquidity position improved from previous year proven from current ratio at 1.9 times, up from 1.4 times in year 2012.
- A decrease of long term loans from financial institutions amounting to Baht 298.9 million due to loan repayment during the year 2013.
- A decrease of advance received from customers amounting to Baht 132.8 million due to transfer of property ownership incurred during year 2013.
- An increase in long term provision amounting to Baht 44.7 million is due to higher provision from Golden land Group.
- A reduction of tax obligation compared to previous year, amounting to Baht 17.6 million.

2.3 Equity attributable to owners of the Company

As of 31 December 2013, the equity attributable to owners of the Company was Baht 6,854.5 million, decrease from previous year by Baht 288.1 million, or 4%. Change in equity attributable to owners of the company was caused by operating result that incurred comprehensive income for the year amounting to Baht 175.3 million offsetting with a decrease in ownership interests in subsidiaries and dividend payment amounting to Baht 421.4 million and Baht 42.1 million respectively.

Non-controlling interests decreased by Baht 403.0 million, or 14.1 % from previous year, mainly due to operating loss attributable to non-controlling interests amounting to Baht 168.6 million and non-controlling interests from additional share purchase of Golden Land Group by the company during the year 2013 amounting to Baht 234.4 million.

3. Consolidated statements of cash flows

The consolidated statement of cash flows of the Company for the year ended 31 December 2013 showed a decrease of net cash of Baht 604.1 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 year amounting to Baht 497.5 million. Details of cash flows by activities are as follows:

	Million Baht
Cash flows from operating activities- before changes in operating assets and liabilities	746.1
Net cash used in operating activities	(1,627.5)
Net cash provided by investing activities	450.6
Net cash provided by financing activities	572.8
Net increase in cash and cash equivalents – net	**(604.1)**
Cash and cash equivalents at beginning of year - net	1,101.6
Cash and cash equivalents at end of year - net	**497.5**

Cash flows from operating activities before changes in operation assets and liabilities was Baht 746.1 million, derived from entire operations of the year ended 31 December 2013, which came from net profit for the year, and non-cash item adjustments from depreciation and deferred items.

Net cash used in operating activities after changes in operation assets and liabilities was Baht 1,627.5 million, derived from operations and adjusted by changes in operating assets and liabilities, whereby important items came from spending in real estate project under development in amount of Baht 2,138.5 million, which was regarded as operating assets and shown as part of current assets.

Net cash provided by investing activities was Baht 450.6 million, mostly derived from divestment of investment properties amounting to Baht 700 million offsetting with new acquisition of land, plant, equipment, investment properties, intangible assets of the company amounting to Baht 218.8 million together with prepaid rental amounting to Baht 54.0 million.

Net cash provided by financing activities was Baht 572.8 million; mostly derived from increase of borrowing from financial institutions amounting to Baht 1,564.0 million offsetting with an acquisition of non-controlling interests and purchase of warrants in a subsidiary in amount of Baht 654.2 million and also interest paid amounting to Baht 330.3 million.

In summary, the Company had strong financial position in term of liquidity, appropriate debt to equity ratio level and reasonable return to equity.

Please be informed accordingly,

Yours sincerely,

(Mr. Worawat Srisa-an)
President