



Ref. MD 124/2017

September 25, 2017

Re: Clarification on the operating performance of the Company and its subsidiaries for the three-month period (1st quarter) of 2016 (amendment)

Attn: President
The Stock Exchange of Thailand

We, K.C. Property Public Company Limited and the subsidiaries (“the Company and its subsidiaries”) would like to clarify the operating performance for the first-quarter period ended on March 31, 2016, as follows:

Particulars	Q1/2016	Q1/2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue				
Revenue from selling immovable property	222.23	111.55	110.69	99.23%
Other income	6.46	6.56	-0.09	-1.43%
Total revenue	228.70	118.10	110.59	93.64%
Expenses				
Costs of sales of immovable property	199.25	64.53	134.72	208.77%
Selling expenses	8.53	13.26	-4.73	-35.68%
Administrative expenses	25.60	30.62	-5.02	-16.40%
Reversal of doubtful debts	-3.34	-	-3.34	100.00%
Total expenses	230.04	108.41	121.63	112.19%
Profit before finance costs and income tax expenses	-1.35	9.69	- 11.03	-113.91%
Finance costs	10.08	11.87	-1.79	-15.07%
Profit before income tax expenses	-11.43	-2.19	- 9.24	422.68%
Income tax expenses	1.80	0.45	1.34	295.59%
Profit for the period	-13.23	-2.64	-10.59	400.83%
Profit for the period to total revenue (%)	-5.78%	-2.24%		



1. Revenue from operations

In summary, the Company and its subsidiaries have the total revenue for Q1/2016 and Q1/2015 in the amount of Baht 228.70 million and Baht 118.10 million, respectively, increasing by Baht 110.59 million or a 93.64 percent increase compared to Q1/2015. Details are as follows:

1.1 Revenue from selling immovable property

For Q1/2016, revenue from selling immovable property was Baht 222.23 million, increasing by Baht 110.69 million or a 99.23 percent increase compared to Q1/2015. Details are as follows:

The Company's three projects that are put for sale in lot are K.C. Natural City Ramkhamhaeng, K.C. Ramintra, Phase 2 and K.C. Natural Park Rom Klao, Phase 2, having a total value of Baht 157.18 million. If sales of such entire projects are excluded, the Company will have the revenue from selling immovable property for the three-month period of 2016 at Baht 65.05 million.

1.2 Other income

Other income of the Company for the three-month period of 2016 decreased by Baht 0.09 million or a 1.43 percent decrease compared to the three-month period of 2015 due to the decrease of revenue from utilities, revenue from management fees and actuarial gains.

2. Costs of sales of immovable property

For the three-month period of 2016, costs of sales of immovable property were at Baht 199.25 million, increasing by Baht 134.72 million or a 208.77 percent increase compared to the three-month period of 2015, varying in accordance with the increase of the sales volume of immovable property pursuant to the details shown in the table of revenue from operations.

Particulars	Q1/2016	Q1/2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from selling immovable property	222.233	111.545	110.69	99.23%



Costs of sales of immovable property	199.249	64.53	134.72	208.77%
Gross profit	22.984	47.015	-24.03	-51.11%
Gross profit margin (%)	10.34%	42.15%	-31.81%	

3. Gross profit

For the three-month period of 2016, gross profit decreased by Baht 24.03 million compared to the three-month period of 2015 or representing a 51.11 percent decrease, varying in accordance with the increase of the sales volume of immovable property pursuant to the details below:

Due to the Company's sales of plots of land and properties (lot sales) of three projects, there were different costs of sales for each sale as follows:

Total costs of sales for other three projects were at Baht 156.45 million with a gross profit of Baht 0.73 million.

Costs of sales of the Company's immovable property projects sold during the three-month period of 2016 were at Baht 42.80 million with a gross profit of Baht 22.25 million and a gross profit margin of 35.86 percent.

Gross profit margins for the three-month periods of 2016 and 2015 were at 10.34 percent and 42.15 percent, respectively.

The gross profit margin for the three-month period of 2016 decreased by 24.03 percent due to sales of lots of the entire projects as mentioned above.

4. Expenses

4.1 Selling expenses

For the first three-month period of 2016, selling expenses were at Baht 8.53 million, decreasing by Baht 4.73 million or a 35.68 percent decrease compared to the three-month period of 2015 due to the



decrease in the Company and its subsidiaries' advertising and sales promotion expenses compared to year 2015. The specific business tax and transfer fees are in line with the income derived.

4.2 Administrative expenses

For the 1st quarter of 2016, administrative expenses were at Baht 25.60 million, decreasing by Baht 5.02 million or a 16.40 percent decrease compared to the 1st quarter of 2015 mainly due to the decrease in salary, employment welfare, fees and other administrative expenses which are in line with the Company's organizational management as mentioned above.

5. Reversed doubtful debts

For the 1st quarter of 2016, the doubtful debts from related parties were reversed in the amount of Baht 3.34 million because in 2015 the Company issued short-term bills of exchange to the financial institute (Solaris Fund) as of December 31, 2015 in the amount of Baht 400.00 million without accounting record. Thereafter, on the 2nd quarter of 2016, the Company redeemed the short-term bills of exchange from the financial institute (Solaris Fund) in the amount of Baht 50.00 million. Therefore, the Company had a balance of short-term bills of exchange with Solaris Fund as of December 31, 2016 in the amount of Baht 350.00 million. However, two Executive Directors at that time (already resigned) with another third party had improperly used the money received from issuance of the bills of exchange. The Office of the Securities and Exchange Commission (SEC) ordered to revise the 2015 financial statements and the 2nd quarter of 2016 financial statements. In this case, the Company recorded the allowance for doubtful debts for the revised 2015 financial statements in the amount of Baht 394.21 million. As a result of redeeming of the bills of exchange from Solaris Fund in the amount of Baht 50.00 million in the 2nd quarter of 2016, the doubtful debts from the issuance of bills of exchange were reversed. For the 1st quarter of 2016, the Company reversed the allowance for doubtful debts in the amount of Baht 3.34 million.

6. Finance costs

Finance costs comprise interests paid to banks and interests paid in accordance with hire-purchase agreements. For the 1st quarter of 2016, finance costs decreased by Baht 1.79 million or a 15.07 percent decrease compared to the 1st quarter of 2015 because the Company and its subsidiaries had the amount of loan recognition in year 2016 less than those of year 2015.

7. Income tax expenses



For the 1st quarter of 2016, the Company's income tax expenses increased by Baht 1.34 million or a 295.59 percent increase compared to the 1st quarter of 2015, varying in accordance with the Company and its subsidiaries' operating performance which had an increasing revenue as mentioned above.

8. Profit for the period

The Company and its subsidiaries suffered a loss in the 1st quarter of 2016 in the amount of Baht 13.23 million due to the Company's sales of entire projects with less gross profits and the reversal of doubtful debts of Baht 3.34 million.

If the item of reversal of doubtful debts is excluded, the Company will suffer a loss in the amount of Baht 16.57 million while suffering a loss in the amount of Baht 10.59 million in the 1st quarter of 2015.

Financial position

Particulars	Q1/2016	Q1/2015	YoY	%
Total assets	1,862.28	2,060.09	-197.80	-9.60%
Total liabilities	1,071.05	1,255.62	-184.58	-14.70%
Total shareholders' equity	791.24	804.46	-13.23	-1.64%

As at March 31, 2016, the Company and its subsidiaries' total assets decreased from the same period of 2015 by Baht 197.80 million or a 9.60 percent decrease because the Company and its subsidiaries' assets were mainly related to the costs of real estate development projects, deposits for land, land held for development, property, plant and equipment, cash and deposits at bank, temporary investments and prepaid expenses - construction fees. Total liabilities decreased by Baht 184.58 million or a 14.70 percent decrease compared to the 1st quarter of 2015 due to the decrease in the Company and its subsidiaries' debentures and bills of exchange, short-term loans and long-term loans from financial institutions, trade account payables and other account payables for working capital and investment in real estate projects, and deposits and advance received from customers. At the present time, there are 14 projects available for reservation.

Sincerely,



(Mr. Kitisan Mookdee)
Director and Managing Director