



Ref. MD 125/2017

September 25, 2017

Re: Clarification on the operating performance of the Company and its subsidiaries for the six-month period (2nd 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 six-month period ended on June 30, 2016, as follows:

Particulars	Q2/2016		Q2/2015		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue						
Revenue from selling immovable property	480.31	97.89%	251.76	95.85%	228.55	90.78%
Other income	10.38	2.11%	10.91	4.15%	-0.54	-4.90%
Total revenue	490.69	100.00%	262.67	100.00%	228.02	86.81%
Expenses						
Costs of sales of immovable property	404.85	82.51%	165.17	62.88%	239.68	145.12%
Selling expenses	15.28	3.11%	26.97	10.27%	-11.69	-43.33%
Administrative expenses	44.63	9.10%	65.73	25.03%	-21.10	-32.10%
Reversal of doubtful debts	-28.67	-5.84%	-	0.00%	-28.67	100.00%
Total expenses	436.09	88.87%	257.86	98.17%	178.22	69.12%
Profit before finance costs and income tax expenses	54.60	11.13%	4.81	1.83%	49.79	1036.02%
Finance costs	17.89	3.65%	23.20	8.83%	-5.32	-22.91%
Profit before income tax expenses	36.71	7.48%	-18.40	-7.00%	55.11	-299.54%
Income tax expenses	1.72	0.35%	0.12	0.05%	1.59	1295.93%
Profit for the period	34.99	7.13%	-18.27	-6.96%	16.72	-91.49%
Profit for the period to total revenue (%)	7.13%		-6.96%			



1. Revenue from operations

In summary, the Company and its subsidiaries have the total revenue for the six-month periods ended on June 30, 2016 (2nd quarter of 2016) and June 30, 2015 (2nd quarter of 2015) in the amount of Baht 490.69 million and Baht 262.57 million, respectively, increasing by Baht 228.02 million or a 86.81 percent increase compared to the 2nd quarter of 2015. Details are as follows:

1.1 Revenue from selling immovable property

For the first six-month period of 2016, revenue from selling immovable property increased by Baht 228.55 million or a 90.78 percent increase compared to the same period of 2015. Details are as follows:

The Company's sales of plots of land under its two projects, i.e. K.C. Green Canal Project in the value of Baht 14.60 million and City Plus, Suwinthawong Project in the value of 170.00 million during the three-month period (2nd quarter) of 2016 and the Company's sales of properties (lot sales) under other three projects of the Company during the 1st quarter of 2016, namely K.C. Natural City Ramkhamhaeng, K.C. Ramintra, Phase 2 and K.C. Natural Park Rom Klao, Phase 2 have a total value of Baht 350.60 million. If the sales of such large plots of land and the lot sales of properties under such three projects are excluded, the Company will have the revenue from selling immovable property for the six-month period of Baht 129.71 million.

1.2 Other income

Other income of the Company for the six-month period of 2016 (2nd quarter of 2016) decreased by Baht 0.54 million or a 4.90 percent decrease compared to the six-month period of 2015 due to the decrease in other income.

2. Costs of sales of immovable property

For the six-month period of 2016, costs of sales of immovable property increased by Baht 239.68 million or a 145.12 percent increase compared to the six-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	Q2/2016	Q2/2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from selling immovable property	480.308	251.758	228.55	90.78%
Costs of sales of immovable property	404.849	165.165	239.68	145.12%
Gross profit	75.459	86.593	-11.13	-12.86%
Gross profit margin (%)	15.71%	34.40%	-18.68%	

3. Gross profit

For the six-month period of 2016, gross profit was at Baht 75.46 million, decreasing by Baht 11.13 million or a 12.86 percent decrease compared to the six-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.

For the three-month period ended on June 30, 2016, the Company sold its project land having costs of sales of Baht 159.64 million and gross profit of Baht 24.96 million. Therefore, in general, the six-month revenue was derived from the sale of four construction projects and the sale of such land. The costs of sales were different as follows:

Costs of sales of the construction projects were Baht 316.07 million with a gross profit of Baht 34.53 million, representing a gross profit margin of 9.85 percent.

Costs of sales of housing units in the projects were Baht 88.78 million with a gross profit of Baht 40.93, representing a gross profit margin of 31.56 percent.

Gross profit margins from the Company's sale of immovable property for the first six-month period of 2016 and the first six-month period of 2015 were at 15.71 percent and 34.40 percent, respectively. The gross profit margin for the six-month period of 2016 decreased by approximately 18.68 percent because the Company had sold lots of projects during the six-month period of 2016 more than during the six-month period of 2015. The gross profit margin from the sale of housing units under the Company's projects for the



six-month period of 2016 was at 31.56 percent and at 34.40 percent for the six-month period of 2015. The gross profit margin in the six-month period of 2016 is lower than in the six-month period of 2015 due to usage of construction costs based on the progress of work.

4. Expenses

4.1 Selling expenses

For the six-month period of 2016, selling expenses decreased by Baht 11.69 million or a 43.33 percent decrease compared to the six-month period of 2015 due to the decrease in the Company and its subsidiaries' advertising and sales promotion expenses compared to the same period in 2015. The specific business tax and transfer fees are in line with the income derived.

4.2 Administrative expenses

For the six-month period of 2016, administrative expenses decreased by Baht 21.10 million or a 32.10 percent decrease compared to the six-month period of 2015 mainly due to the decrease in salary, employment welfare, fees and other administrative expenses. The Company reversed doubtful debts in the amount of Baht 28.67 million for the six-month period of 2016, which decreased by Baht 28.67 million or a 100 percent decrease compared to the six-month period of 2015.

4.3 Reversed doubtful debts

For the six-month period of 2016, the doubtful debts were reversed in the amount of Baht 28.67 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 three-month period of 2016, the Company reversed the allowance for doubtful debts in the amount of Baht 28.67 million.

5. Finance costs

Finance costs comprise interests paid to banks and interests paid in accordance with hire-purchase agreements. For the six-month period of 2016, finance costs were Baht 17.89 million, decreasing by Baht 5.32 million or a 22.91 percent decrease compared to the six-month period of 2015 because the Company and its subsidiaries had the amount of loan recognition in the six-month period of 2015 more than in the same period of 2016.

6. Income tax expenses

For the six-month period of 2016, the Company's income tax expenses were Baht 1.72 million, increasing from the same period of 2015 by Baht 1.59 million or a 1,295.93 percent increase, varying in accordance with the Company and its subsidiaries' operating performance which had a decreasing revenue as mentioned above.

7. Profit for the period

The Company and its subsidiaries had a profit in the six-month period of 2016 in the amount of Baht 34.99 million while suffering a loss of Baht 6.96 million in the six-month period of 2015 due to:

1. Reversal of doubtful debts of Baht 28.67 million

If the above extraordinary item is excluded, the Company will have a profit from operations of Baht 6.32 million.

Financial position

Particulars	Q2/2016	2015	YoY	%
Total assets	1,672.19	2,060.09	-387.90	-18.83%
Total liabilities	832.73	1,255.62	-422.89	-33.68%
Total shareholders' equity	839.46	804.46	34.99	4.35%



As at June 30, 2016, the Company and its subsidiaries' total assets decreased from year 2015 by Baht 387.90 million or a 18.83 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 422.89 million or a 33.68 percent decrease compared to year 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.

For shareholders' equity as at June 30, 2016, the Company and its subsidiaries' total shareholders' equity increased from year 2015 by Baht 34.99 million or a 4.35 percent increase.

Sincerely,

(Mr. Kitisan Mookdee)

Director and Managing Director