



Ref. MD 126/2017

September 25, 2017

Re: Clarification on the operating performance of the Company and its subsidiaries for the nine-month period (3rd 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 nine-month period ended on September 30, 2016, as follows:

Particulars	Q3/2016		Q3/2015		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue						
Revenue from selling immovable property	609.57	87.90%	822.47	98.29%	-212.90	-25.89%
Other income	83.94	12.10%	14.33	1.71%	69.61	485.78%
Total revenue	693.51	100.00%	836.80	100.00%	-143.29	-17.12%
Expenses						
Costs of sales of immovable property	518.87	74.82%	693.90	82.92%	-175.03	-25.22%
Selling expenses	21.90	3.16%	40.51	4.84%	-18.61	-45.94%
Administrative expenses	68.78	9.92%	90.74	10.84%	-21.96	-24.20%
Reversal of doubtful debts	-51.57	-7.44%	-	0.00%	-51.57	100.00%
Impairment loss of investment property	6.82		-	0.00%	6.82	100.00%
Total expenses	564.80	81.44%	825.14	98.61%	-260.34	-31.55%
Profit before finance costs and income tax expenses	128.71	18.56%	11.66	1.39%	117.05	1004.12%
Finance costs	26.10	3.76%	36.24	4.33%	-10.14	-27.99%
Profit before income tax expenses	102.61	14.80%	-24.58	-2.94%	127.19	-517.40%
Income tax expenses	12.84	1.85%	0.47	0.06%	12.36	2613.53%
Profit for the period	89.78	12.94%	-24.11	-2.88%	65.66	-272.35%
Profit for the period to total revenue (%)	12.94%		-2.88%			



1. Revenue from operations

In summary, the Company and its subsidiaries have the total revenue for the nine-month periods of 2016 (3rd quarter of 2016) and 2015 (3rd quarter of 2015) in the amount of Baht 693.51 million and Baht 836.80 million, respectively, decreasing by Baht 143.29 million or a 17.12 percent decrease compared to the 3rd quarter of 2015. Details are as follows:

1.1 Revenue from selling immovable property

For the nine-month period of 2016, revenue from selling immovable property was at Baht 609.57 million, decreasing by Baht 212.90 million or a 25.89 percent decrease compared to the same period of 2015. Details are as follows:

The Company's sale of another large plot of land under its project called K.C. Garden Project in the value of Baht 65.00 million during the three-month period (3rd quarter) of 2016 and the Company's sales of properties (lot sales) under other three projects of the Company, 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 431.10 million. If the sale of such large plot 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 nine-month period of Baht 178.47 million.

1.2 Other income

Other income of the Company for the nine-month period of 2016 (3rd quarter of 2016) increased by Baht 69.61 million or a 485.78 percent increase compared to the nine-month period of 2015 as a result of the profit derived from the disposal of land held for development in the amount of Baht 69.82 million and the profit derived from the disposal of investment property in the amount of Baht 0.58 million.

2. Costs of sales of immovable property

For the nine-month period of 2016, costs of sales of immovable property was Baht 518.87 million, decreasing by Baht 175.03 million or a 25.22 percent decrease compared to the nine-month period of



2015, varying in accordance with the decrease of the sales volume of immovable property pursuant to the details shown in the table of revenue from operations.

Particulars	Q3/2016	Q3/2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from selling immovable property	609.57	822.47	-212.90	-25.89%
Costs of sales of immovable property	518.87	693.90	-175.03	-25.22%
Gross profit	90.70	128.57	-37.88	-29.46%
Gross profit margin (%)	14.88%	15.63%	-0.75%	

3. Gross profit

For the nine-month period of 2016, gross profit was at Baht 90.70 million, decreasing by Baht 37.88 million or a 29.46 percent decrease compared to the nine-month period of 2015, varying in accordance with the decrease of the sales volume of immovable property pursuant to the details shown in the table of revenue from operations.

For the three-month period of 2016, the Company sold its project land having costs of sales of Baht 55.55 million and gross profit of Baht 9.45 million. Therefore, in general, the nine-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 363.81 million with a gross profit of Baht 67.29 million, representing a gross profit margin of 15.61 percent.

Costs of sales of housing units in the projects were Baht 99.51 million with a gross profit of Baht 78.96 million, representing a gross profit margin of 44.24 percent.

Gross profit margins from the Company's sale of immovable property for the nine-month period of 2016 and the nine-month period of 2015 were at 14.88 percent and 15.63 percent, respectively. The gross profit



margin for the nine-month period of 2016 decreased by approximately 0.75 percent because the Company had sold lots of projects during the nine-month period of 2016 less than during the nine-month period of 2015. The gross profit margin from the Company's projects for the nine-month period of 2016 was at 14.88 percent and at 15.63 percent for the nine-month period of 2015. The gross profit margin in the nine-month period of 2016 is lower than in the nine-month period of 2015 due to usage of construction costs based on the progress of work.

4. Profit from disposal of immovable property

4.1 Profit from disposal of land held for development

For the nine-month period of 2016, the Company and its subsidiaries had a profit from disposal of land held for development in the total amount of Baht 69.82 million. On April 27, 2016 the Company sold two plots of land with Title Deeds No. 4064 and No. 4065 located in Klong-Nueng Sub-district, Klong Luang District, Pathum Thani Province, at the contractual price of Baht 5.00 million, generating a profit from sale of land held for development of Baht 0.76 million. In addition, on August 24, 2016, the Company sold two plots of land with Title Deeds No. 281085 and No. 281088 located in Praksa-Mai Sub-district, Muang Samut Prakan District, Samut Prakan Province, at the contractual price of Baht 100.00 million, generating a profit from sale of land held for development of Baht 69.06 million (after deduction of selling costs and expenses).

4.2 Profit from disposal of investment property

For the nine-month period of 2016, the Company and its subsidiaries had a profit from disposal of investment property of Baht 0.58 million, In this regard, the Company sold land with Title Deed No. 1641 located in Bueng Kham Phroi Sub-district (Klong Hok Wa Sai Lang Phang Tai), Lam Luk Ka District, Pathum Thani Province.

5. Expenses

5.1 Selling expenses

For the nine-month period of 2016, selling expenses were at Baht 21.90 million, decreasing by Baht 18.61 million or a 45.94 percent decrease compared to the nine-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.

5.2 Administrative expenses

For the nine-month period of 2016, administrative expenses were at Baht 68.78 million, decreasing by Baht 21.96 million or a 24.20 percent decrease compared to the nine-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 51.57 million for the nine-month period of 2016, which decreased by Baht 51.57 million or a 100 percent decrease compared to the nine-month period of 2015.

6. Reversed doubtful debts

For the nine-month period of 2016, the doubtful debts were reversed in the amount of Baht 51.57 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 3rd 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 and the nine-month period of 2016, the Company reversed the allowance for doubtful debts in the amount of Baht 22.89 million and Baht 51.57 million, respectively.

7. Finance costs



Finance costs comprise interests paid to banks and interests paid in accordance with hire-purchase agreements. For the nine-month period of 2016, finance costs were Baht 26.10 million, decreasing by Baht 10.14 million or a 27.99 percent decrease compared to the nine-month period of 2015 because the Company and its subsidiaries had the amount of loan recognition in the nine-month period of 2015 more than in the same period of 2016.

8. Income tax expenses

For the nine-month period of 2016, the Company's income tax expenses were Baht 12.84 million, increasing from the same period of 2015 by Baht 12.36 million or a 2,613.53 percent increase, varying in accordance with the Company and its subsidiaries' operating performance which had a decreasing revenue as mentioned above.

9. Profit for the period

The Company and its subsidiaries had a profit in the nine-month period of 2016 in the amount of Baht 89.77 million while suffering a loss of Baht 24.11 million in the nine-month period of 2015 due to:

1. Profits from sales of immovable property of Baht 70.40 million in total;
2. Reversal of doubtful debts of Baht 51.57 million

If the above two extraordinary items are excluded, the Company will suffer a loss from operations of Baht 32.19 million.

Financial position

Particulars	Q3/2016	2015	YoY	%
Total assets	1,615.55	2,060.09	-444.54	-21.58%
Total liabilities	721.31	1,255.62	-534.32	-42.55%
Total shareholders' equity	894.24	804.46	89.78	11.16%

As at September 30, 2016, the Company and its subsidiaries' total assets decreased from year 2015 by Baht 444.54 million or a 21.58 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 534.32 million or a 42.55 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 September 30, 2016, the Company and its subsidiaries' total shareholders' equity increased from year 2015 by Baht 89.78 million or a 11.16 percent increase.

Sincerely,

(Mr. Kitisan Mookdee)

Director and Managing Director