



August 28, 2019

Re: Clarification of the operating results of company and its subsidiaries for the year ended December 31, 2017

To: Boards and Managements  
The Stock Exchange of Thailand

K.C. Property Public Company Limited and its subsidiaries ("company and subsidiaries) would like to clarify our operating results for the year ended December 31, 2017 as follows:-

(Unit: million Baht)

For 12 months, end of December 31, 2017

Financial Statement	Consolidate financial statement				% revenue from sales	
	2017	2016	increase(decrease)		2017	2016
Revenues from sales	295.89	708.62	(412.73 )	(58.24%)	100.00%	100.00%
Cost of sales	(290.46 )	(600.93 )	310.47	(51.66%)	(98.17%)	(84.80%)
<b>GROSS PROFIT</b>	<b>5.42</b>	<b>107.69</b>	<b>(102.27 )</b>	<b>(94.96%)</b>	<b>1.83%</b>	<b>15.20%</b>
Distribution costs	(26.13 )	(35.11 )	(8.98 )	25.58%	(8.83%)	(4.95%)
Administrative expenses	(95.86 )	(84.66 )	11.20	(13.23%)	(32.40%)	(11.95%)
Other expenses						
Impairment loss of investment property	-	(67.19 )	(67.19 )	100.00%	0.00%	(9.48%)
Doubtful accounts	(2.79 )	-	(2.79 )	#N/A	(0.94%)	0.00%
Impairment loss of land held for development	(47.13 )	-	(47.13 )	#N/A	(15.93%)	0.00%
Loss on cancel of joint venture agreement	(25.50 )	-	(25.50 )	#N/A	(8.62%)	0.00%
Loss from litigation	(15.86 )		(15.86 )	#N/A	(5.36%)	0.00%
Reversal of doubtful accounts	0.40	62.94	62.54	99.36%	0.14%	8.88%
Finance costs	(62.30 )	(36.13 )	26.17	(72.43%)	(21.06%)	(5.10%)
Tax income (expense)	(0.26 )	(9.44 )	(9.18 )	97.25%	(0.09%)	(1.33%)
Other income	10.19	85.57	(75.38 )	(88.09%)	3.44%	12.08%
<b>Profit (loss) for the year</b>	<b>(259.81 )</b>	<b>23.68</b>	<b>(283.48 )</b>	<b>1,197.65%</b>	<b>(87.81%)</b>	<b>3.34%</b>



## 1. Operating revenue

In summary, company and subsidiaries had total revenue for year ended 2017, and year ended 2016 at Baht 295.89 million, and Baht 708.62 million respectively. The decrease of Baht 412.73 million is equivalent to 58.24%, compared to year ended 2016.

### 1.1 Revenue from sales of land and houses

In 2017, the sales revenue from land and houses recorded Baht 295.89 million which decrease Baht 412.73 million or 58.24% compared to year 2016. The details are as follows.

In 2017 the sales revenue Baht 295.89 million generated from sales of house and land . In 2016 the revenue Baht 708.62 million was the sales of land and development projects . It consisted of 4 projects i.e. Land of K.C. Garden 1, Land of K.C. Natural City Ramkhamhaeng, Land of K.C. Ramintra phrase 2, and Land of K.C. Natural Park Romkhao phrase 2, total amount Baht 431.10 million. Therefore, excluding the sales of land and development project, revenue from sales of land and houses in 2016 was Baht 277.52 million. Sales revenue of year 2017 increase Baht 18.27 million, compared to year 2016.

### 1.2 Other revenue

The other revenue of company in 2017 at Bath 10.19 million, decreasing at Baht 75.38 million or 88.09% compared to year 2016, consisted of gain from land held development sales and property for investment at Baht 70.40 million and other revenue at Baht 15.17 million.

## 2. Cost of sales

In 2017, the cost of sales at Baht 290.46 million, decrease of Baht 310.46 million or 51.66% compared to year 2016, varied to the decreased revenue from sales of land and houses as bellows.

	2017	2016	increase(decrease)	
	Baht	Baht	Baht	%
Revenue from land and houses	295.89	708.62	(412.73 )	(58.24%)
Cost of sales	290.46	600.93	(310.47 )	(51.66%)
<b>GROSS PROFIT</b>	<b>5.430</b>	<b>107.690</b>	<b>(102.26 )</b>	<b>(94.96%)</b>
<b>% GROSS PROFIT</b>	<b>1.84%</b>	<b>15.20%</b>	<b>(13.36%)</b>	

## 3. Gross profit

In 2017, the gross profit at Baht 5.42 million, decrease of Baht 102.27 million or 94.96% compared to year 2016, varied to the decreasing of revenue from sales of land and houses , details as presented in operating revenue table.

In 2017, the cost of sales was the cost of land and houses , consisted of house as status quo, which these houses have been completed for a while, resulted to increasing cost of sales and decreasing gross



profit. In 2016, the revenue generated from 4 sales of land and development project, resulted to the different cost of sales as follows.

Cost of sales for construction contracts was Baht 363.81 million, gross profit was Baht 67.29 million or 15.61%

Cost of sales of land and houses was Baht 99.51 million, gross profit was 78.96 million or 44.24%

Gross profit margin of land and houses in 2017 and 2016 were 1.83% and 15.20% respectively, decreased 13.36 % because of no lot sales in 2017.

#### **4. Expenses**

##### **4.1 Selling expenses**

In 2017, the selling expenses at Baht 26.13 million, decreased Baht 8.98 million or 25.58% compared to 2016 because company and subsidiaries had less advertisement and promoting expenses. Specific business tax and transfer fee were in accordance to revenue.

##### **4.2 Administrative expenses**

In 2017, the administrative expenses at Baht 95.86 million, increased Baht 11.20 million or 13.23% compared to 2016 because of increasing of wage, welfare for employees etc.

#### **5. Other expenses**

5.1 In 2017, the doubtful account of company at Baht 2.79 million, increased Baht 2.79 million, and revert Baht 0.40 million, decreased Baht 62.54 million, compared to 2016 that was Baht 62.94 million

In 2016, company revert the doubtful account at Baht 69.24 million because company has issued short term bill of exchange at Baht 400 million in year 2015 with no accounting record, later redeemed at Baht 50 million, and the existing amount at Baht 300 million at the end of 2015. By the way, 2 ex-Boards and 1 individual misused the amount from bill of exchange, SEC office instructed the rectify the financial statement of 2015 and financial statement of 2016 Q3, company determined the doubtful account in revised financial statement of 2015 to Baht 394.21 million and revert the doubtful account at Baht 62.94 million in financial statement of 2016 because of the redeeming at Baht 50 million.

5.2 Loss from joint venture agreement cancellation at Baht 25.50 million.

5.3 Allowance for impairment loss from land held for development at Baht 47.13 million.

5.4 Loss from litigation at Baht 15.86 million

#### **6. Financial expenses**

Financial expenses consisted of interest of banks and interest of hire purchase in 2017 at Baht 62.30 million, increased Baht 26.17 million or 72.43% compared to 2016 because company and subsidiaries had defaulted loan.



## 7. Profit for the fiscal year

Company and subsidiaries had profit (loss) in 2017 at (Baht 259.81 million), compared to 2016 that was profit at Baht 23.68 million.

### Statement of Financial Position

(Unit : Million Baht)

STATEMENT OF FINANCIAL POSITION	2017	2016	increase(decrease)	
Consolidate financial statement				
TOTAL ASSET	1,214.62	1,449.95	(235.3 )	(16.23%)
TOTOL LIABILITIES	668.89	644.40	24.5	3.80%
TOTAL SHAREHOLDERS' EQUITY	545.74	805.55	(259.8 )	(32.25%)

STATEMENT OF FINANCIAL POSITION	2017	2016	increase(decrease)	
Separate financial statement				
TOTAL ASSET	1,221.65	1,457.85	(236.2 )	(16.20%)
TOTOL LIABILITIES	721.36	698.04	23.3	3.34%
TOTAL SHAREHOLDERS' EQUITY	500.29	759.81	(259.5 )	(34.16%)

At the year ended of December 31, 2017, company and subsidiaries had less total assets than year ended 2016 at Baht 235.33 million or 16.23%, more total liabilities at Baht 24.5 million or 3.80%, less total equity Baht 259.80 million or 32.25%

Yours sincerely,

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Mr. Santi Piyatat

Managing Director

K.C. Property Public Company Limited